



**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-group.com>

(Stock Code: 200)

**DISCLOSEABLE TRANSACTION  
IN RESPECT OF PROVISION OF SERVICES TO AND  
POTENTIAL ACQUISITION OF A MAJORITY STAKE IN  
A LISTED COMPANY IN THE UNITED STATES**

Financial Adviser to Melco International Development Ltd



**VC CAPITAL LIMITED**

**滙盈融資有限公司**

The Company is pleased to announce that on 13th June 2007, Elixir, a wholly owned subsidiary of the Company, entered into the Products Participation Agreement with VDC, a company having its shares listed on the AMEX. Pursuant to the Products Participation Agreement, during a term of six years from the date of the Completion, Elixir Group will provide agency services to source and refer gaming operators in the Exclusive Territory to VDC for the entering into of the EGM leases on a revenue sharing basis directly with VDC and to supply, at market prices, the necessary EGM to VDC for the fulfillment of its obligations under such leases. In consideration of the services to be provided by Elixir Group and upon achievement of various Milestones under the Products Participation Agreement, VDC will allot and issue a maximum of 55,000,000 Consideration Shares, 88,000,000 Consideration Warrants and amend the terms of the Existing Warrants previously issued to Elixir. Based on the trading price per share of VDC as at the date immediately preceding the date of the Products Participation Agreement of US\$3.25, the aggregate value of the 55,000,000 Consideration Shares, 88,000,000 Consideration Warrants and the amendment to the exercise prices of certain Existing Warrants is approximately US\$261,550,000 (equivalent to HK\$2,040,090,000). The 55,000,000 Consideration Shares when allotted and issued in full, will represent approximately 61.44% of the enlarged share capital of VDC (assuming that none of the outstanding options or warrants issued by VDC whether to Elixir or other Independent Third Parties will be exercised before the allotment and issuance of the 55,000,000 Consideration Shares). If Elixir decides to exercise the Consideration Warrants and the Existing Warrants, the Company will take necessary steps to fulfill the relevant disclosure and/or approval requirements in accordance with Rules 14.06 and 14.75 of the Listing Rules.

The applicable percentage ratios (as defined in the Listing Rules) for the transaction are more than 5% but less than 25%. Pursuant to Rule 14.06(2) of the Listing Rules, the transaction constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. A circular containing further details of the Products Participation Agreement and the transaction contemplated therein, will be dispatched to Shareholders as soon as practicable.

The Company is pleased to announce that on 13th June 2007, Elixir, a wholly owned subsidiary of the Company, entered into the Products Participation Agreement with VDC, a company having its shares listed on the AMEX.

**BACKGROUND**

The business relationship between Elixir and VDC can trace back to the mid of 2006. In June 2006, VDC granted to Elixir the rights to sell and distribute for a term of three years, VDC's high frequency microchip embedded gaming chips to a majority of casinos in Macau on an exclusive basis and to certain other casino operators outside Macau on a non-exclusive basis. In October 2006, in order to strengthen the business cooperation of the two companies, Elixir entered into further alliance agreements with VDC regarding, amongst other matters:

- (a) the amendment to the original distribution agreement with a view to providing Elixir with the exclusive rights to sell and distribute the gaming chips and other table game based products (save and except for the shuffler products) of VDC throughout Asia (excluding Australia and New Zealand) for a term of 20 years;
- (b) the engineering alliance whereby Elixir's research and development facility in Macau will be integrated with VDC's engineering facility in Zhuhai Province, the PRC; and
- (c) the subscription of one million new shares of VDC by Elixir for a total subscription price of US\$2,650,000 and the grant of certain warrants by VDC to Elixir for a further purchase of 16,000,000 new shares of VDC at the following exercise prices:
  - (i) 6,000,000 warrants with exercise price at US\$2.65 per VDC's share;
  - (ii) 4,000,000 warrants with exercise price at US\$3.00 per VDC's share;
  - (iii) 2,000,000 warrants with exercise price at US\$3.50 per VDC's share;
  - (iv) 1,000,000 warrants with exercise price at US\$4.00 per VDC's share;
  - (v) 1,000,000 warrants with exercise price at US\$4.50 per VDC's share;
  - (vi) 1,000,000 warrants with exercise price at US\$5.00 per VDC's share; and
  - (vii) 1,000,000 warrants with exercise price at US\$5.50 per VDC's share.

(collectively the "Existing Warrants").

In January 2007, the subscription of one million shares in VDC by Elixir was completed and the Existing Warrants were issued to Elixir. The Existing Warrants are exercisable by Elixir at any time during the period from 31 December 2007 to 31 December 2010 (both days inclusive). In February 2007, the distribution agreement signed between the two companies was further amended to incorporate VDC's entire product range (including the shuffler products) and Elixir's exclusive distribution territory was expanded to include Australia and New Zealand. For the purpose of further boosting the business ties, Elixir and VDC has entered into the Products Participation Agreement.

## THE PRODUCTS PARTICIPATION AGREEMENT

**Date:** 13th June 2007

**Parties Involved:** (1) Elixir, as the services provider; and  
(2) VDC, as the services recipient.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, VDC and its directors, chief executives and substantial shareholders holding 10% or more equity interest in VDC are Independent Third Parties and are not connected persons of the Company.

### Services to be provided by Elixir:

Pursuant to the Products Participation Agreement, during the term of six years from the date of Completion, Elixir Group will provide the following services to VDC:

- (a) to source and refer gaming operators in the Exclusive Territory to VDC for the entering into of the EGM leases on a revenue sharing basis directly with VDC; and
- (b) to negotiate the terms of the EGM leases for an on behalf of VDC provided that Elixir shall not have the right to enter into such EGM leases for and on behalf of VDC.

In relation to the aforesaid services, Elixir Group shall ensure that:

- (i) the relevant gaming operators in the Exclusive Territory that Elixir refers to VDC must possess the valid license or authorization to lawfully operate gaming business in the relevant jurisdiction;
- (ii) the duration of the relevant EGM leases must not be less than 3 years; and
- (iii) the revenue sharing percentage entitled by VDC shall not be less than 20% of the gross income generated by the EGM on lease after deduction of any applicable gaming taxes in the relevant jurisdiction (the "**Minimum Revenue Sharing Percentage**").

As the actual revenue sharing percentage under the relevant EGM leases may vary for different gaming operators depending on the outcome of the negotiation by Elixir Group, under the terms of the Products Participation Agreement, Elixir Group will only ensure that the revenue sharing percentage under the EGM leases to be entered into between VDC and the relevant gaming operators will not be less than the Minimum Revenue Sharing Percentage in order to qualify for the fulfillment of the relevant Milestones. Other than the consideration as stated in the Section headed "**Consideration**" below, Elixir Group will not be entitled to any income or revenue derived from the EGM leases between VDC and the relevant gaming operators. As at the date hereof, Elixir Group does not have any EGM leases business and nothing in the Products Participation Agreement shall restrict Elixir Group from conducting EGM leasing business and continuing its current business, which primarily includes the distribution and sale of EGM and other gaming products to casino and gaming operators.

In addition to the aforesaid services, Elixir shall supply, at market prices and on normal commercial terms, the necessary EGM to VDC for the fulfillment of its obligations under the EGM leases. As Elixir has successfully developed its own branded EGM recently, it is contemplated that subject to the requirements of the relevant gaming operators, Elixir will commence manufacturing of its own EGM and sell the same to VDC for the relevant EGM leases as well as sourcing other EGM from third party suppliers. Elixir shall retain the title to all EGM sold to VDC until it has received payment in full.

### Consideration:

Pursuant to the Products Participation Agreement, in return of the services to be provided by Elixir Group and upon achievement of various Milestones, VDC will remunerate Elixir in the following manners:

- (a) issue and allot to Elixir a maximum of 55,000,000 Consideration Shares;
- (b) issue to Elixir 88,000,000 Consideration Warrants;
- (c) reduce the exercise prices of the Existing Warrants (other than the 6,000,000 Existing Warrants with exercise price of US\$2.65 per VDC's share)

The amount of Consideration Shares to be issued and allotted by VDC to Elixir and the dollar amount to be reduced from the exercise prices of the Existing Warrants (other than the 6,000,000 Existing Warrants with exercise price of US\$2.65 per VDC's share) will be based on the various performance levels (each a "**Milestone**") of Elixir as services provider in terms of (1) the cumulative number of EGM that are contracted to be placed and leased pursuant to the EGM leases entered into between VDC and the relevant gaming operators (the "**Contracted EGM Number**") and (2) the cumulative number of EGM physically placed and in operation in the gaming concourses of the relevant gaming operators by VDC pursuant to the relevant EGM leases (the "**Actual Operating EGM Number**"). Furthermore, VDC will issue 88,000,000 Consideration Warrants to Elixir upon Completion. All the Consideration Warrants shall carry the right, over a five year term from the date of grant, to purchase shares of VDC, at an exercise price of US\$2.65 per VDC's share provided that various amounts of Consideration Warrants shall only become exercisable by Elixir upon achievements of the relevant Milestones.

The following table summaries the remuneration structure to Elixir by VDC at different Milestones (subject to fulfillment of all the conditions precedent to Completion as set out in the section headed "**Conditions Precedent**" below) as agreed in the Products Participation Agreement:

- |                        |  |  |
|------------------------|--|--|
| (i) initial Milestone: | the Actual Operating EGM Number reaches 1,000 units  | VDC will issue and allot 25,000,000 Consideration Shares and issue 88,000,000 Consideration Warrants to Elixir and reduce the exercise prices of all the Existing Warrants (other than the 6,000,000 Existing Warrants with exercise price of US\$2.65 per VDC's share) by US\$1.00  |
| (ii) second Milestone: | the Contracted EGM Number and the Actual Operating EGM Number respectively reaches 2,000 units and 1,000 units | VDC will issue and allot additional 15,000,000 Consideration Shares to Elixir and further reduce the exercise prices of all the Existing Warrants (other than the 6,000,000 Existing Warrants with exercise price of US\$2.65 per VDC's share) by US\$1.00 and provided that the second Milestone is achieved on or before 31 December 2009, 22,000,000 Consideration Warrants shall become exercisable by Elixir upon achievement of the second Milestone |
| (iii) third Milestone: | the Contracted EGM Number and the Actual Operating EGM Number respectively reaches 3,000 units and 2,000 units | VDC will issue and allot additional 10,000,000 Consideration Shares to Elixir and further reduce the exercise prices of all the Existing Warrants (other than the 6,000,000 Existing Warrants with exercise price of US\$2.65 per VDC's share) by US\$1.00 and provided that the third Milestone is achieved on or before 31 December 2010, 22,000,000 Consideration Warrants shall become exercisable by Elixir upon achievement of the third Milestone   |
| (iv) fourth Milestone: | the Contracted EGM Number and the Actual Operating EGM Number respectively reaches 4,000 units and 3,000 units | VDC will issue and allot additional 5,000,000 Consideration Shares to Elixir and provided that the fourth Milestone is achieved on or before 31 December 2011, 22,000,000 Consideration Warrants shall become exercisable by Elixir upon achievement of the fourth Milestone   |
| (v) fifth Milestone:   | the Contracted EGM Number and the Actual Operating EGM Number respectively reaches 5,000 units and 4,000 units | Provided that the fifth Milestone is achieved on or before 31 December 2012, 22,000,000 Consideration Warrants shall become exercisable by Elixir upon achievement of the fifth Milestone  |

Pursuant to the above mentioned remuneration structure, VDC can issue and allot a maximum of 55,000,000 Consideration Shares and 88,000,000 Consideration Warrants to Elixir and the maximum dollar amount that can be reduced from the exercise prices of the Existing Warrants (other than the 6,000,000 Existing Warrants with exercise price of US\$2.65 per VDC's share) is US\$3.00. Below is the amended exercise prices of certain of the Existing Warrants on the assumption that all Milestones have been fulfilled:

- (i) 4,000,000 warrants with exercise price at US\$0.00 per VDC's share;
- (ii) 2,000,000 warrants with exercise price at US\$0.50 per VDC's share;
- (iii) 1,000,000 warrants with exercise price at US\$1.00 per VDC's share;
- (iv) 1,000,000 warrants with exercise price at US\$1.50 per VDC's share;
- (v) 1,000,000 warrants with exercise price at US\$2.00 per VDC's share; and
- (vi) 1,000,000 warrants with exercise price at US\$2.50 per VDC's share.

On the basis that all Milestones have been fulfilled, 4,000,000 Existing Warrants can be exercised by Elixir without any cash payment. The United States legal counsels of Elixir have advised that the cashless exercise of warrants is a common feature of warrants under the laws and regulations of the United States.

Based on the trading price per share of VDC as at the date immediate preceding the date of the Products Participation Agreement of US\$3.25, the aggregate value of the 55,000,000 Consideration Shares, 88,000,000 Consideration Warrants and the amendment to the exercise prices of certain Existing Warrants is approximately US\$261,550,000 (equivalent to HK\$2,040,090,000).

The Consideration Shares and Warrant Shares, when issued, will rank pari passu in all respects with the existing issued share capital of VDC in issue on the date of allotment and issue of the Consideration Shares and (if applicable) the Warrant Shares, including the right to all dividends, distributions and other payments made or to be made, the record date for which falls on or after the date of allotment and issue of the Consideration Shares and (if applicable) the Warrant Shares. There are no restrictions on the subsequent sale of the Consideration Shares and/or Warrant Shares by Elixir.

As at the date hereof, VDC has not entered into any EGM lease with any gaming operators in the Exclusive Territory and the current interest held by Elixir in VDC comprises only the one million shares of VDC and 16,000,000 Existing Warrants.

Other than the 16,000,000 Existing Warrants currently held by Elixir, VDC has issued a total of 12,935,455 outstanding warrants and/or options to other Independent Third Parties. Assuming that none of these outstanding warrants or options and the Existing Warrants held by Elixir are exercised before the allotment and issuance of the 55,000,000 Consideration Shares and on the basis of 34,522,054 VDC's shares in issue as at the date hereof, the 55,000,000 Consideration Shares when allotted and issued in full, will represent approximately 61.44% of the enlarged share capital of VDC and when aggregate with the one million VDC's shares currently held by Elixir, the total equity interest held by Elixir in VDC will reach approximately 62.55% on a fully diluted basis.

The following table depicts different shareholding levels of Elixir in VDC (assuming no outstanding option and/ or warrant (other than the Existing Warrants and/or Consideration Warrants) will be exercised by other third party grantees) before and after various scenarios such as achievement of all Milestones and exercise of all Existing Warrants and Consideration Warrants:

Shareholders	No. of shares of VDC held as at the date of the announcement	Approximate percentage of shareholding (%)	No. of Shares held after the issue of the 55 million Consideration Shares	Approximate percentage of shareholding after the issue of the 55 million Consideration Shares (%)	No. of Shares held after the issue of the 55 million Consideration Shares and full exercise of the Existing Warrants and the 88 million Consideration Warrants	Approximate percentage of shareholding after the issue of the 55 million Consideration Shares and full exercise of the Existing Warrants and the 88 million Consideration Warrants (%)
Elixir	1,000,000	2.90	56,000,000	62.55	160,000,000	82.68
Others	33,522,054	97.10	33,522,054	37.45	33,522,054	17.32
<b>Total</b>	<b>34,522,054</b>	<b>100</b>	<b>89,522,054</b>	<b>100</b>	<b>193,522,054</b>	<b>100</b>

The financials of VDC will be equity accounted for in the financial statements of the Company if only the initial Milestone is achieved, and, upon the achievement of the second Milestone, VDC will be treated as a subsidiary of the Company. Assuming all the Consideration Shares have been granted and upon exercise of the Consideration Warrants and the Existing Warrants in full (and assuming the other outstanding options and/or warrants of VDC are not exercised by the third party grantees), the shareholdings of Elixir in VDC will be increased to 82.68% on a fully diluted basis and the Company intends to maintain the listing status of VDC on the AMEX. The United States legal counsels of Elixir have advised that there should be no legal obligation on Elixir to make any mandatory offer to acquire shares from the other minority shareholders of VDC or to place down its shares in VDC (assuming that the shareholdings of Elixir has increased to said 82.68% on a fully diluted basis) in order to maintain the minimum public float requirement under the laws and regulations of the AMEX (where VDC is listed) or the State of Nevada (where VDC is incorporated). If Elixir decides to exercise the Consideration Warrants and the Existing Warrants, the Company will take necessary steps to fulfill the relevant disclosure and/or approval requirements in accordance with Rules 14.06 and 14.75 of the Listing Rules.

#### Board Representation:

The existing board of directors of VDC comprises five directors. It is a term under the Products Participation Agreement that upon and after Completion, the board will expand to eight directors and for so long as Elixir holds less than 50% equity interest in VDC, it is entitled to nominate three members to the board. If, subject to achievement of the relevant Milestone, Elixir's equity interests in VDC have exceeded 50%, then Elixir shall be entitled to appoint a majority of the members of the board provided always that at least two existing VDC directors shall continue to hold directorship in VDC until the second anniversary of the Completion.

#### Basis of the Consideration:

The consideration for Elixir's services (excluding the supply of EGM by Elixir, which shall be at market prices) under the Products Participation Agreement which includes issue and allotment of a maximum of 55,000,000 Consideration Shares, 88,000,000 Consideration Warrants and the amendment to the exercise prices of certain Existing Warrants and representing an aggregate monetary value of approximately US\$261,550,000 (equivalent to HK\$2,040,090,000 based on the trading price per share of VDC as at the date immediately preceding the date of the Products Participation Agreement of US\$3.25), was determined after arm's length negotiations between the parties with reference to (a) the confidence of VDC in market potential of gaming, in particular, the EGM industry in Asia and its anticipated earnings from the EGM lease business; (b) the estimated costs and efficiency for VDC to set up a professional sales team on its own to market and promote the EGM lease business in Asia; and (c) the financial advices provided by the independent financial advisers of VDC to its board confirming that the terms and consideration of the Products Participation Agreement are fair and reasonable.

**Conditions Precedent:**

Completion of the Products Participation Agreement is conditional upon satisfaction of the following conditions precedent:

- (i) the obtaining of the shareholders approval of VDC passing the necessary resolutions to approve the Products Participation Agreement and the transactions contemplated thereby;
- (ii) the achievement of the initial Milestone;
- (iii) the warranties provided by VDC and Elixir as set forth in the Products Participation Agreement remaining true, accurate and complete in all material respects;
- (iv) the obtaining of the approval of the AMEX for the listing of the Consideration Shares and the Warrant Shares (when issued) in accordance with the terms of the Products Participation Agreement;
- (v) the obtaining of all necessary governmental authorization in the United States for the transactions contemplated under the Products Participation Agreement;
- (vi) the completion of the legal and financial due diligence on VDC to the reasonable satisfaction of Elixir;
- (vii) the receipt of a legal opinion from the Nevada legal advisers by Elixir in such form and substance reasonably satisfactory to Elixir;
- (viii) the filing of amendment to VDC's constitutional document with the relevant governmental authorities in the United States for the purpose of increasing the authorized share capital of VDC to an amount sufficient for VDC to issue all the Consideration Shares and Warrant Shares as contemplated under the Products Participation Agreement and the effectiveness of such amendment; and
- (ix) there being no legal action or proceeding (actual or threatened) seeking to restrain or prohibit the transactions contemplated under the Products Participation Agreement and there being no actual or potential regulatory impediment to the holding of the Consideration Shares, the Consideration Warrants and (if applicable) the Warrants Shares by Elixir.

No party to the Products Participation Agreement shall have the right to waive any of the above conditions and if all the conditions above are not satisfied on or before 4:30 p.m. Las Vegas time on 31 October 2007 or such later date as may be agreed by the parties in writing, the Products Participation Agreement shall, save as otherwise provided therein, cease and terminate and neither party thereto shall have any obligations or liabilities towards the other under the Products Participation Agreement save for any antecedent breaches of the terms of the Products Participation Agreement.

**REASONS FOR THE TRANSACTION**

The Company and VDC consider the transaction contemplated under the Products Participation Agreement is beneficial to both parties. From VDC's point of view, the transaction will help broaden VDC's existing business model in terms of both revenue lines and geographical exposures. VDC's revenue stream will include EGM leases throughout Asia in addition to sales of its existing table games based product lines. From Elixir's point of view, it could leverage on its existing sales effort and network in Asia to potentially earn a majority stake in a listed company in the United States with operating business and product lines that are entirely complimentary to Elixir's business without any substantial cash outlay. In addition, while the commercial risks related to the EGM lease business (such as the costs of the EGM for the EGM leases and risk of delinquent payment by the relevant gaming operators) will largely be borne by VDC, in case the EGM lease business flourishes, Elixir will be able to capture the benefits of future prospects of EGM lease business through its potential equity stake in VDC. Also, the services to be provided by Elixir under the Products Participation Agreement are limited to the sourcing and identifying of suitable gaming operators in the Exclusive Territory for VDC to enter into the EGM leases, and Elixir is entitled to charge the relevant gaming operators for a fee for designing the gaming machine floor layout and the technology related networking of the relevant gaming concourses and to sell the necessary EGM for the EGM leases to VDC, which in turn will enhance Elixir's client bases and revenue stream. Based on the above, the Directors consider the terms of the Products Participation Agreement are fair and reasonable and in the interests of the Company and Shareholders as a whole.

**INFORMATION ON THE COMPANY AND ELIXIR**

The Company's business is broadly divided into four divisions, namely, (i) gaming, entertainment and hospitality division; (ii) technology division; (iii) investment banking and financial services division; and (iv) property and other investments division.

Elixir is a wholly-owned subsidiary of the Company and it is the major arm of the Company's technology division, principally engaged in providing gaming technology solutions to casino operators, including the distribution of electronic gaming machines and other gaming products and provision of integrated security system to the hotels and casino operators.

**INFORMATION ON VDC**

VDC is a company incorporated in the Nevada State of the United States of America and having its shares listed on the AMEX since May 2004. VDC is principally engaged in the development, manufacturing and distribution of products and services to the gaming industry that automate the current manual processes supporting the casino table games business. Its principal products include playing card security devices, paying cards shuffling devices and gaming chips washer that are commonly used in a casino.

Set out below is the financial information of VDC based on its audited consolidated accounts for the two years ended 31 December 2005 and 31 December 2006:

	<b>For the year ended 31 December</b>	
	<b>2005</b>	<b>2006</b>
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Turnover	18,420	61,368
Loss before taxation	<u>(137,024)</u>	<u>(107,131)</u>
Loss after taxation	<u>(137,024)</u>	<u>(107,131)</u>
Attributable to:		
Equity holders of the Company	(137,024)	(107,131)
(Net Deficit) Net Asset Value (attributable to equity holders)	<u>(71,544)</u>	<u>23,190</u>

**LISTING RULES IMPLICATIONS**

The applicable percentage ratios (as defined in the Listing Rules) for the transaction are more than 5% but less than 25%. Pursuant to Rule 14.06(2) of the Listing Rules, the transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. A circular containing further details of the Products Participation Agreement and the transaction contemplated thereby will be dispatched to Shareholders as soon as practicable.

**DEFINITIONS**

"AMEX"	American Stock Exchange
"Board"	The board of directors of the Company
"Company"	Melco International Development Limited
"Completion"	completion of issue and allotment of 25,000,000 Consideration Shares and 88,000,000 Consideration Warrants by VDC to Elixir and the reduction of the exercise prices of the Existing Warrants (other than the 6,000,000 Existing Warrants with exercise price of US\$2.65 per VDC's share) by US\$1.00 upon achievement of the initial Milestone by Elixir

“Consideration”	The aggregate consideration for the referral services to be provided by Elixir Group to VDC to be satisfied by the allotment and issue of a maximum of 55,000,000 Consideration Shares, 88,000,000 Consideration Warrants by VDC and amendment to the exercise prices of certain Existing Warrants (details of which are set out in the Section headed “Consideration” above)
“Consideration Share”	new shares of US\$0.001 each of VDC to be allotted and issued to Elixir under the Products Participation Agreement
“Consideration Warrant”	share purchase warrant of VDC to be allotted and issued to Elixir under the Products Participation Agreement upon Completion, pursuant to which shall have the right, over a five year term, to purchase new share of VDC, at an exercise price of US\$2.65 per share of VDC subject to fulfilment of the relevant Milestones
“Directors”	directors of the Company
“EGM”	electronic gaming machines commonly known as electronic slot machines
“Elixir”	Elixir Group Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Elixir Group”	Elixir and its subsidiaries from time to time
“Exclusive Territory”	all Asian countries (including Australian and New Zealand) and certain agreed casinos and gaming concourses located in other part of the world
“Existing Warrants”	warrants to purchase 16,000,000 new shares of VDC which were issued to Elixir by VDC in January 2007 and expire on 31 December 2010
“Group”	The Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	independent third party(ies) not connected with the Company and its subsidiaries, the controlling shareholders, directors, chief executive or substantial shareholders of the Company and its subsidiaries, or an associate of any of them under the Listing Rules
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Milestone”	has the meaning as ascribed thereto in the Section headed “Consideration” above
“PRC”	The People’s Republic of China
“Products Participation Agreement”	the conditional securities purchase and products participation agreement entered into between Elixir and VDC dated 13th June 2007
“Shareholders”	shareholders of the Company
“VDC”	VendingData Corporation, a company incorporated under the laws of the State of Nevada, the United States of America and having its shares listed on the AMEX
“Warrant Shares”	the underlying shares of VDC to be issued upon exercise of the Consideration Warrant and/or the Existing Warrants
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	Percentage

For the purpose of this announcement, amounts in US\$ is respectively translated into HK\$ at the following exchange rates:

US\$1.00 : HK\$7.8

By order of the Board of  
**Melco International Development Limited**  
**Tsang Yuen Wai, Samuel**  
*Company Secretary*

Hong Kong, 14th June 2007

*As at the date of this announcement, the Board comprises three Executive Directors; namely, Mr. Ho, Lawrence Yau Lung (Chairman and Chief Executive Officer), Mr. Tsui Che Yin, Frank and Mr. Chung Yuk Man, Clarence (Chief Operating Officer); one Non-executive Director, namely Mr. Ng Ching Wo; and three Independent Non-executive Directors, namely Sir Roger Lobo, Dr. Lo Ka Shui and Mr. Sham Sui Leung, Daniel.*

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