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Melco International Development Limited

新 濠 國 際 發 展 有 限 公 司

(Incorporated in Hong Kong with limited liability)

Website: <http://www.melco-group.com>

(Stock Code: 200)

ANNOUNCEMENT

DISCLOSEABLE TRANSACTION – FORMATION OF JOINT VENTURE TO ISSUE EXCHANGEABLE BONDS AND RESUMPTION OF TRADING

The Company is pleased to announce that the Company and Melco Leisure, one of its wholly owned subsidiaries, entered into a Shareholders' Deed with Crown Melbourne, Burswood and PBL Asia, each of which is a wholly owned subsidiary of PBL, on 30 July, 2007, relating to the establishment of a 50:50 joint venture company, the SPV, for the principal purpose of issuing the Exchangeable Bonds. It is intended that the Exchangeable Bonds will be listed on SGX-ST and the anticipated issue date for the Exchangeable Bonds is on or about 30 August 2007.

The SPV, the Company, PBL, Crown Melbourne, Burswood, MPEL and Merrill Lynch have entered into the Subscription Agreement, on completion of which Merrill Lynch will subscribe for the Exchangeable Bonds.

The Shareholders' Deed contemplates that the SPV will keep the proceeds of issue of the Exchangeable Bonds in cash or, subject to the unanimous approval of the board of directors of the SPV, use the proceeds of issue of the Exchangeable Bonds to acquire ADSs of MPEL, which are listed on NASDAQ (at such prices and in such numbers as may be determined by the board of directors of the SPV). These purchases, if made, could provide for ADSs that would be delivered to holders of the Exchangeable Bonds on exercise of the exchange rights conferred by the Exchangeable Bonds.

Pursuant to the Bond Terms, the Company, Crown Melbourne and Burswood will each provide a joint and several guarantee in respect of the SPV's obligations under the Exchangeable Bonds, in favour of the holders of the Exchangeable Bonds.

The establishment of the joint venture contemplated by the Shareholders' Deed and the provision of financial assistance in the form of the guarantee is a discloseable transaction for the Company under the Listing Rules. A circular containing further details of the transaction will be despatched to the Company's shareholders in accordance with the requirements of the Listing Rules in due course.

Trading in the shares of the Company on the Stock Exchange was suspended from 2:30 p.m. on 30 July 2007 at the request of the Company pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in its shares on the Stock Exchange with effect from 9:30 a.m. on Wednesday, 1 August 2007.

INTRODUCTION

Melco International Development Limited (the "**Company**") is pleased to announce that on 30 July 2007, the Company and Melco Leisure and Entertainment Group Limited ("**Melco Leisure**") entered into a joint venture shareholders' deed (the "**Shareholders' Deed**") with PBL Asia Investments Limited ("**PBL Asia**"), Crown Melbourne Limited ("**Crown Melbourne**") and Burswood Limited ("**Burswood**"). PBL Asia, Crown Melbourne and Burswood are each wholly owned subsidiaries of Publishing and Broadcasting Limited ("**PBL**"), a company having its shares listed on the Australian Stock Exchange. The Shareholders' Deed provides for the establishment by Melco Leisure and PBL Asia of a 50:50 joint venture company, Melco PBL SPV Limited (the "**SPV**"), for the principal purpose of issuing exchangeable bonds with a principal amount of US\$200 million, together with an additional US\$50 million principal amount of exchangeable bonds issuable pursuant to an over-allotment option (collectively the "**Exchangeable Bonds**"). The over-allotment option is exercisable within 30 days after the initial completion of the Subscription Agreement (as defined below). It is intended that the Exchangeable Bonds will be listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The SPV will be treated as a jointly controlled entity of the Company in its financial statements using equity accounting method and is not a subsidiary undertaking under the Companies Ordinance of the laws of Hong Kong and, hence not a subsidiary under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The Company, PBL, Crown Melbourne, Burswood, the SPV, Melco PBL Entertainment (Macau) Limited ("**MPEL**") and Merrill Lynch International ("**Merrill Lynch**") entered into a subscription agreement on 30 July 2007 (the "**Subscription Agreement**"), on completion of which, subject to certain conditions, Merrill Lynch will subscribe for the Exchangeable Bonds.

The Shareholders' Deed contemplates that the SPV will keep the proceeds of the issuance of the Exchangeable Bonds in cash or, subject to the unanimous approval of the board of directors of the SPV, use the proceeds of issue of the Exchangeable Bonds to acquire American Depositary Shares ("**ADSs**") of MPEL, which are traded on The NASDAQ Global Market ("**NASDAQ**") under the symbol of "MPEL", pursuant to an ADS purchase program whereby the SPV will purchase ADSs from existing ADS holders from time to time in accordance with Rule 10b-18 of the US Securities Exchange Act of 1934, as amended, at such prices and in such numbers

as may be determined by the board of directors of the SPV. These purchases, if made, could provide for ADSs that would be delivered to holders of the Exchangeable Bonds on exercise of the exchange rights conferred by the Exchangeable Bonds.

PRINCIPAL TERMS OF THE EXCHANGEABLE BONDS AND THE SUBSCRIPTION AGREEMENT

Principal terms of the Exchangeable Bonds

The Exchangeable Bonds (subject to any exercise of the over-allotment option) will be subscribed by Merrill Lynch and issued by the SPV at 100% of their principal amount. The Exchangeable Bonds will mature on 30 August 2012 (the “**Maturity Date**”) and will bear interest at 2.40% per annum until the Maturity Date or the earlier exercise of the exchange rights in respect of the Exchangeable Bonds. The SPV has an option exercisable after the third anniversary of the date of issue of the Exchangeable Bonds to redeem the Exchangeable Bonds prior to the Maturity Date, at 100% of their aggregate principal amount together with any unpaid interest, if the market price of the ADSs for at least 30 consecutive NASDAQ trading days is at least 130% of the exchange price in effect on each trading day. Conversely, the terms and conditions of the Exchangeable Bonds (the “**Bond Terms**”) provide that the holders of the Exchangeable Bonds will have a put option exercisable on the third anniversary of the date of issue of the Exchangeable Bonds, to require the SPV to redeem the Exchangeable Bonds at 100% of their aggregate principal amount, together with interest accrued up to the date of redemption. The put option is only exercisable on a single occasion, on the third anniversary of the date of issue of the Exchangeable Bonds, and may not be exercised after that date.

The Exchangeable Bonds will be exchangeable at the option of the holders of the Exchangeable Bonds for ADSs, at an exchange price of US\$17.19 per ADS, which represents approximately a 39.98% premium to the closing price of US\$12.28 of an ADS on the NASDAQ on 27 July 2007 (United States time), being the last NASDAQ trading day before the execution of the Subscription Agreement. Each ADS represents the right to receive three ordinary shares of MPEL with a par value of US\$0.01 per share. On the exercise of exchange rights by the holders of the Exchangeable Bonds, the SPV has the option to pay a cash settlement amount in US\$ in lieu of delivering ADSs. The cash settlement amount is calculated as the product of the number of ADSs which would otherwise be deliverable upon exercise of the relevant exchange rights and the average volume weighted average price per ADSs as displayed on Bloomberg for the five NASDAQ trading days immediately after the SPV issues a notice to the effect that it proposes to satisfy the exchange rights by paying cash in lieu of delivering ADSs.

The exchange price is subject to customary adjustments for matters affecting the share capital of MPEL and modifications of the ADSs.

The acquisition by the SPV of the ADSs will not directly increase the Company’s shareholding in MPEL but will only indirectly increase the Company’s attributable interest in MPEL by virtue of its 50% interest in the SPV. Conversely, exercise of the exercise rights conferred by the Exchangeable Bonds in relation to the ADSs will not directly decrease the Company’s shareholding in MPEL but will only indirectly reduce the Company’s interests in MPEL as it is immediately prior to the exercise of the exercise rights by virtue of its 50% interest in the SPV.

If not previously redeemed or exchanged, the Exchangeable Bonds must be redeemed on the Maturity Date at their aggregate principal amount, together with interest accrued up to the Maturity Date.

The Exchangeable Bonds will be in registered form, in the denomination of US\$10,000 or integral multiples in excess thereof. The Exchangeable Bonds will be represented by a Global Certificate and will be sold outside the United States in reliance on Regulation S under the US Securities Act 1933, as amended.

The Bond Terms also provide that the Company, Crown Melbourne and Burswood will each provide a joint and several guarantee in respect of the SPV's obligations under the Exchangeable Bonds, in favour of the holders of the Exchangeable Bonds.

Subscription Agreement

Pursuant to the Subscription Agreement, Merrill Lynch will subscribe for the Exchangeable Bonds up to an aggregate principal of US\$200 million, together with an additional US\$50 million principal amount of exchangeable bonds issuable pursuant to an over-allotment option. Completion of the Subscription Agreement is expected to take place on or around 30 August 2007 and is subject to a number of conditions, including:

- (i) preparation of an offering circular for the listing of the Exchangeable Bonds and approval of the offering circular for the Exchangeable Bonds by SGX-ST having been obtained;
- (ii) due execution of the following contracts:
 - (a) a trust deed (the "**Trust Deed**") constituting the Exchangeable Bonds among the Company, PBL, Crown Melbourne, Burswood, the SPV and a trustee (the "**Trustee**"); and
 - (b) an agency agreement (the "**Agency Agreement**") in relation to the Exchangeable Bonds among the Company, Crown Melbourne, Burswood, PBL, the SPV, the Trustee and the agents to be appointed and named therein; and
- (iii) absence of certain material adverse events affecting the Company, PBL, Crown Melbourne, Burswood and MPEL.

PRINCIPAL TERMS OF THE SHAREHOLDERS' DEED

The SPV has been established in the Cayman Islands with a single class of ordinary shares. Melco Leisure has subscribed for and holds one ordinary share of the SPV representing 50% of the entire issued share capital of the SPV and PBL Asia has subscribed for and holds another one ordinary share of the SPV representing the balance of 50% of the entire issued share capital of the SPV. Melco Leisure and PBL Asia have each subscribed at par value of US\$0.01 for the ordinary shares of the SPV issued to them. Each ordinary share carries one vote per share and all the ordinary shares rank *pari passu* in respect of dividends and other distributions and on the liquidation of the SPV.

Melco Leisure and PBL Asia are entitled to appoint two directors each to the board of directors of the SPV. The SPV will hold regular board meetings and will ensure that all material business decisions are taken at board level. All decisions of the board of directors of the SPV require the unanimous approval of the board. Similarly, all resolutions of shareholders of the SPV require the unanimous approval of both shareholders of the SPV.

The Shareholders' Deed permits transfers of shares among members of the Melco group of companies and the PBL group of companies, respectively, but prohibits a transfer of shares to a third party.

The Company, Crown Melbourne and Burswood have also entered into a Deed of Counter Indemnity, dated the same date as the Shareholders' Deed. Under the Deed of Counter Indemnity, the Company (on the one hand) and Crown Melbourne and Burswood (collectively, on the other hand) have agreed to indemnify each other so that in the event that any payment is required to be made under the joint and several guarantees provided by them in favour of the holders of the Exchangeable Bonds, the Company (on the one hand) and Crown Melbourne and Burswood (collectively, on the other hand) will each bear 50% of the relevant liability.

SHARE PURCHASE PROGRAM

The SPV intends to use the net proceeds to fund a share purchase for the purchase of MPEL's ADSs listed on the NASDAQ. As long as the Bonds remain outstanding, any proceeds that have not been used to purchase ADSs will be required to be kept within the SPV either in the form of cash or similar interest-bearing instruments. The share purchase program will not obligate the SPV to acquire any particular amount of ADSs and the program may be suspended or terminated at any time at the SPV's discretion. These purchases of ADSs, if made, could provide for ADSs that would be delivered to holders of the Exchangeable Bonds on exercise of the exchange rights conferred by the Exchangeable Bonds.

PBL SCHEME OF ARRANGEMENT

PBL has announced a proposed scheme of arrangement between PBL and its members under Part 5.1 of the Corporation Act of Australia, for the transfer of all the ordinary shares in PBL to Crown Limited. If the scheme of arrangement is approved and becomes effective, the obligations of Crown Melbourne and Burswood under the joint and several guarantee given in favour of the holders of the Exchangeable Bonds under the Trust Deed, the obligations of Crown Melbourne and Burswood under the Shareholders' Deed and the obligations of Crown Melbourne and Burswood under the Deed of Counter Indemnity would each be novated to and assumed by Crown Limited. If the scheme of arrangement does not become effective by 31 December 2007, the obligations of Crown Melbourne and Burswood under the guarantee given in favour of the holders of the Exchangeable Bonds under the Trust Deed would be novated to PBL.

REASONS FOR THE TRANSACTION

The board of directors of the Company believes that MPEL's common stock currently is undervalued in the marketplace. The Company is confident in the future of MPEL and believes the use of the SPV's cash in the share purchase program described to be in the best interests of the Company and its shareholders.

INFORMATION ON THE COMPANY AND MELCO LEISURE

The Company is one of the companies with the longest history in Hong Kong. Founded in 1910, the Company was among the first one hundred companies established in the city and was listed on the Hong Kong Stock Exchange in 1927. Today, the Company is a dynamic new generation Asian conglomerate that leads in leisure and entertainment industry in Asia. The Company is a constituent of the MSCI Hong Kong Index, part of the MSCI Standard Index Series and granted the Asia's Best Managed Companies 2007 Award issued by FinanceAsia.

Currently, the Company engages in four main business streams, namely, (i) leisure, gaming and entertainment; (ii) technology; (iii) investment banking and financial services; and (iv) property and other investments.

Melco Leisure is an investment holding company and a wholly-owned subsidiary of the Company.

INFORMATION ON MPEL

The Company and PBL currently each indirectly own approximately 41.39% of MPEL's shares, with the remaining 17.22% of MPEL's shares held in the form of ADSs which are listed on the NASDAQ. MPEL is a developer, owner and through its subsidiary, Melco PBL Gaming (Macau) Limited ("MPEL Gaming"), an operator of casino gaming and entertainment resort facilities in Macau. MPEL Gaming is one of only six concessionaires/sub-concessionaires authorised by the Macau government to operate casinos in Macau and is the exclusive vehicle of the Company and PBL to carry on casino, gaming machine and casino hotel operations in Macau. MPEL's flagship properties in Macau are the premier Crown Macau Hotel Casino and the integrated City of Dreams casino and entertainment resort on the Cotai Strip. The Crown Macau opened on 12 May 2007 whilst the City of Dreams is targeted to open before end of March 2009. MPEL's existing business includes the Mocha Clubs, which feature a total of approximately 1,000 gaming machines in six locations. MPEL has entered into an agreement, subject to certain conditions, to acquire a third development site on the Macau Peninsula.

MPEL is being accounted for as an associated company using equity accounting method in the consolidated financial statements of the Company for the year ending 31 December 2007.

INFORMATION ON PBL, CROWN MELBOURNE, BURSWOOD AND CROWN LIMITED

PBL is a company having its shares listed on the Australian Stock Exchange. PBL's core businesses are gaming and entertainment and strategic investments in television production and broadcasting, magazine publishing and distribution, and key digital media and entertainment businesses.

Crown Melbourne is a wholly owned subsidiary of PBL and is the owner and operator of the Crown Entertainment Complex in Melbourne, Australia which is Melbourne's premier entertainment venue and one of the largest integrated entertainment facilities in the Southern hemisphere. The entertainment complex includes Crown Casino, Crown Towers Hotel, the Crown Promenade Hotel, restaurant, bars and shopping and other entertainment facilities.

Burswood Limited is a wholly owned subsidiary of PBL and is the owner of the Burswood Entertainment Complex in Perth, Western Australia. Burswood is Western Australia largest single-site private sector employer and the complex is also Western Australia's most successful tourist attraction. The complex includes a casino, two hotels, a convention center and theatre and restaurants, bars and other entertainment facilities.

Crown Limited is a newly incorporated company which is intended to become the owner of PBL's gaming business after completion of the PBL scheme of arrangement as mentioned in the section headed "PBL Scheme of Arrangement" above.

LISTING RULES IMPLICATIONS

The transactions contemplated by the Shareholders' Deed constitute a discloseable transaction for the Company under the Listing Rules. A circular containing further details of the transaction will be despatched to the Company's shareholders in accordance with the requirements of the Listing Rules in due course.

GENERAL

To the best of the knowledge, information and belief of the directors of the Company and having made all reasonable enquiries, PBL, Crown Melbourne, Burswood and their respective ultimate beneficial owners are third parties independent of each of the Company and its connected persons (as defined under the Listing Rules).

RESUMPTION OF TRADING

Trading in the shares of the Company on the Stock Exchange was suspended from 2:30 p.m. on 30 July 2007 at the request of the Company pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in its shares on the Stock Exchange with effect from 9:30 a.m. on Wednesday, 1 August 2007.

By order of the Board of
Melco International Development Limited
Ho, Lawrence Yau Lung
Chairman and Chief Executive Officer

Hong Kong, 31 July 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.