

# MD's Statement



2004 saw dramatic changes in Macau. Spurred by the introduction of the Individual Traveller's Scheme, total number of visitors to Macau hit an all time high of 16.7 million and Mainlanders now account for over 57% of total visitation. The size of Macau gaming market grew by a staggering 44% to US\$5.1 billion, overtaking that of Atlantic City and is now second only to Las Vegas Strip.

During the year, the first Vegas style casino built by the Americans was opened in Macau. This marked the end of the 40-year-long monopoly enjoyed by STDM and the beginning of a new era in Macau's gaming history. The former Portuguese colony has since entered into a phase of unprecedently, rapid development. The number of gaming tables has more than doubled in less than a year. Numerous new casino and new hotel plans have been announced.

Gone were the days when one could just put a baccarat table in a corner and customers would come. It is my strong belief that, under the new paradigm, only those players who are capable of providing the best products and quality services, backed by world-class branding and marketing, can ultimately survive and thrive.

Against this backdrop, **Melco** acquired its first piece of gaming asset, the Mocha Slots, in June 2004. In September 2004, we unveiled our plan to build the first ever 6-star hotel cum casino in Taipa to target high rollers. In November 2004, we concluded our negotiations with **Publishing and Broadcasting Limited (PBL)**, the Australian media and gaming giant with market capitalization exceeding US\$8 billion, to form an exclusive 50:50 joint venture to co-expand our gaming business in Asia.





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The **Melco/PBL** joint venture is a very important step forward for the Group. Leveraging on **PBL's** financial resources and international experience, together with our established network of local connections in Macau and China, we are now in a strong position to capitalize on the fast growing but increasingly competitive gaming market in Macau.

Beyond Macau, various new opportunities in gaming have also emerged. The island state of Singapore has invited the international gaming companies, including ourselves, to come up with concepts to build an "integrated resort" which comprises gaming, leisure, shopping and entertainment facilities. Thailand is another country which may see the legalization of gambling in the near future.

The outlook for the gaming industry in Asia has never been rosier and opportunities have never been more abundant. Together with **PBL**, our joint venture partner, I am confident that Melco will become one of the largest and most profitable gaming groups in Asia within the next few years and substantial shareholder value would be created.

Last but not the least, I would like to express my deepest gratitude to our employees for their hard work and commitment, without which the Group would not have been where we are today.

By order of the Board

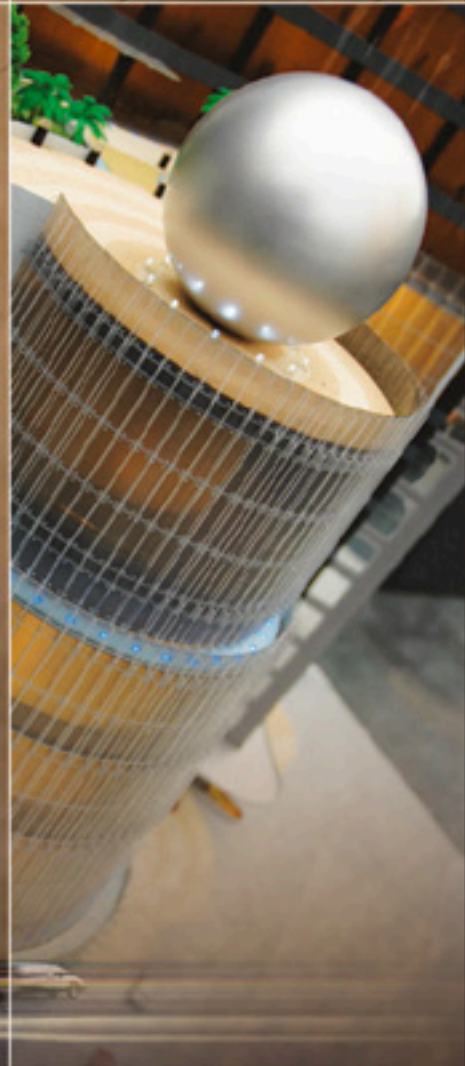
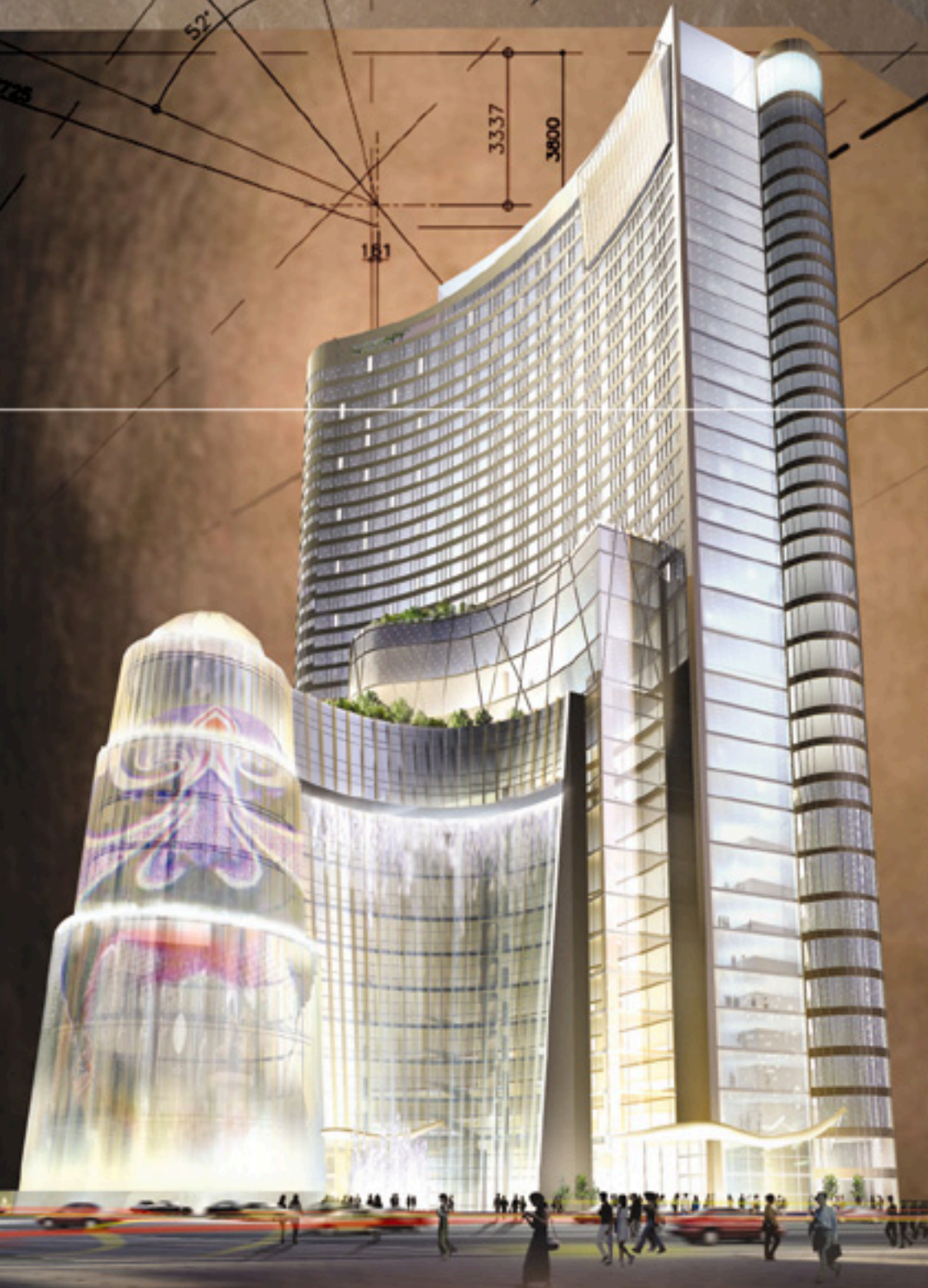
**Ho, Lawrence Yau Lung**  
Group Managing Director

Hong Kong, 7th April, 2005





Exclusive Pan-Asian JV with  
Publishing & Broadcasting Limited (PBL),  
one of Australia's largest conglomerates and  
gaming groups



Park Haytt Macau





# Mocha

## ON A ROLL

A winning combination of local expertise,  
world-class management, and inspired branding.



Mocha Slots

