



## 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

### DISPATCH OF CIRCULAR IN RELATION TO PROPOSED GROUP REORGANIZATION ASSETS ACQUISITION INVOLVING ISSUE OF CONSIDERATION SHARES AND CONVERTIBLE NOTES MAJOR, CONNECTED AND CONTINUING CONNECTED TRANSACTIONS

On 23 April 2004, the circular of Melco containing details in relation to the Transactions was dispatched to the shareholders of Melco together with the notice of Melco EGM which is to be convened on 20 May 2004.

The unaudited statement of pro forma adjusted consolidated net tangible assets of the Group is also set out below.

References are made to (i) the joint announcement dated 23 March 2004 of Melco and VC; (ii) the announcements of Melco dated 1 April 2004 and 13 April 2004; and (iii) the circular of Melco dated 23 April 2004 in relation to the proposed group reorganization and the continuing connected transactions (collectively, the "Public Documents"). Unless the context otherwise requires, terms used herein shall have the same meanings as defined in the Public Documents.

#### DISPATCH OF CIRCULAR

On 23 April 2004, the circular of Melco containing details in relation to the Transactions was dispatched to the shareholders of Melco together with the notice of Melco EGM which is to be convened on 20 May 2004.

#### UNAUDITED STATEMENT OF PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is an unaudited statement of pro forma adjusted consolidated net tangible assets of the Group immediately following the completion of acquisitions of 80% equity interests in Mocha Group and 100% equity interests in iAsia Group by Melco (the "Acquisitions"). It is prepared based on the unaudited consolidated net assets of Melco Group as at 30 June 2003, adjusted to reflect the effects of the issuance of rights shares as detailed in the circular of Melco dated 29 August 2003 (the "Rights Shares Issuance"), sharing of the results of VC and its subsidiaries for the period from 1 July 2003 to 31 December 2003, the exercise of share options by the directors/employees of Melco, and the Acquisitions:

	HK\$'000	HK\$'000 (except for per share data)
Unaudited consolidated net assets of Melco Group as at 30 June 2003		361,241
Intangible asset of Melco Group as at 30 June 2003		(24,351)
Consolidated net tangible asset of Melco Group as at 30 June 2003		336,890
Add: Net proceeds from the Rights Shares Issuance ( <i>Note 1</i> )		102,833
Add: Net proceeds from the exercise of share options by the directors/employees ( <i>Note 2</i> )		6,164
Add: Melco Group's 67.57% share of the results of VC and its subsidiaries for the period from 1 July 2003 to 31 December 2003 ( <i>Note 3</i> )		(3,285)
Consolidated net tangible assets of Melco Group immediately following the Rights Shares Issuance and the sharing of the results of VC and its subsidiaries for the period from 1 July 2003 to 31 December 2003		442,602
Add: Melco Group's 80% share of audited consolidated net assets of Mocha Group as at 31 December 2003 ( <i>Note 4</i> )	999	
Less: Considerations for the acquisition of 80% equity interests in Mocha Group ( <i>Note 5</i> )	(353,000)	
	(352,001)	
Add: Settlement of considerations by issuance of new Melco shares ( <i>Note 5</i> )	353,000	
	999	
Less: Increase in goodwill and minority interests arising from the acquisition of iAsia Group by Melco ( <i>Note 6</i> )		(9,195)
		(9,195)

<p>Unaudited pro forma adjusted consolidated net tangible assets of the enlarged Melco Group immediately following the Rights Shares Issuance, sharing of the results of VC and its subsidiaries for the period from 1 July 2003 to 31 December 2003 and the Acquisitions</p>	<p style="border-top: 1px solid black; border-bottom: 3px double black;">434,406</p>
<p>Consolidated net tangible assets per share of Melco Group as at 30 June 2003 (<i>Note 7</i>)</p>	<p style="border-top: 1px solid black; border-bottom: 3px double black;">HK\$2.32</p>
<p>Unaudited pro forma adjusted consolidated net tangible assets per share of Melco Group immediately following the Rights Shares Issuance and sharing of the results of VC and its subsidiaries for the period from 1 July 2003 to 31 December 2003 (<i>Note 8</i>)</p>	<p style="border-top: 1px solid black; border-bottom: 3px double black;">HK\$1.98</p>
<p>Unaudited pro forma adjusted consolidated net tangible assets per share of the enlarged Melco Group immediately following the Rights Shares Issuance, sharing of the results of VC and its subsidiaries for the period from 1 July 2003 to 31 December 2003 and the Acquisitions (<i>Note 9</i>)</p>	<p style="border-top: 1px solid black; border-bottom: 3px double black;">HK\$1.15</p>

Notes:

- (1) This represents the proceeds from the issuance of 72,643,567 rights shares at HK\$1.45 per rights share, less the estimated direct expenses payable. For details, please refer to the circular of Melco dated 29 August 2003.
- (2) This represents the proceeds from the exercise of 5,920,112 share options with exercise price between HK\$1.0 to HK\$1.1067 by the employees/directors of Melco since 30th June 2003 up to the Latest Practical Date.
- (3) This represents Melco Group's 67.57% sharing of the losses of VC and its subsidiaries for the period from 1 July 2003 to 31 December 2003. This information is derived from the 2003 Annual Report and the 2003 Third Quarterly Report of VC.
- (4) This represents Melco Group's 80% share of the audited consolidated net assets of the Mocha Group as at 31 December 2003 of approximately HK\$1.25 million. This information is extracted from the Accountants' Report of Mocha Group as set out on pages 89 to 105 of the circular of Melco dated 23 April 2004.
- (5) This represents the consideration for Melco's acquisition of 80% equity interests in Mocha Group to be wholly settled by the issuance of 153,478,261 new shares of Melco. For the purpose of the preparation of these unaudited proforma combined financial information, the issued price agreed among Melco and the sellers of HK\$2.30 each has been used to determine the fair value of the new shares of Melco to be issued. Upon completion of the acquisition, it will be accounted for in accordance with Statement of Standard Accounting Practice Number 30 "Business Combinations" issued by the Hong Kong Society of Accountants.
- (6) This represents goodwill arising from the acquisition of iAsia Group, which represents the minority shareholders' entitlement to 32.43% of the gain on disposal of iAsia Group by VC.  
The acquisition of iAsia Group by Melco is an inter-company transaction within Melco Group. The considerations to be paid by Melco represent cash of HK\$27,900,000. The net liabilities of iAsia Group as at 31 December 2003 amounted to approximately HK\$26,249,000. Since VC agreed to waive the inter-company loans granted to iAsia Group amounting to approximately HK\$25,791,000 before its disposal to Melco, the net liabilities of iAsia Group immediately following the waive of inter-company loans was reduced to approximately HK\$458,000. A gain on disposal of iAsia Group amounting to approximately HK\$28,358,000 would be resulted. Since Melco only holds 67.57% indirect equity interests in VC, the minority shareholders would be entitled to share 32.43% of the gain on disposal.
- (7) This is calculated based on 145,287,134 shares in issue by Melco as at the close of business on 30 June 2003.
- (8) This is calculated on the basis of 223,850,813 shares, being the 145,287,134 shares in issue by Melco as at the close of business on 30 June 2003 and the 72,643,567 rights shares issued by Melco as mentioned in note (1) and (2) above respectively.
- (9) This is calculated on the basis of 377,329,074 shares, being the 145,287,134 shares in issue by Melco as at the close of business on 30 June 2003, the 72,643,567 rights shares and 5,920,112 shares issued by Melco as mentioned in note (1) and (2) above respectively, and the 153,478,261 new shares to be issued by Melco for the settlement of considerations for the acquisition of Mocha Group.

By order of the board of  
**Melco International Development Limited**  
**Lawrence Ho**  
*Managing Director*

Hong Kong, 23 April 2004

*As at the date hereof, the executive directors of Melco are Dr. Stanley Ho (Chairman), Mr. Lawrence Ho (Managing Director) and Mr. Frank Tsui. Mr. Ho Cheuk Yuet is the non-executive director. The independent non-executive directors are Sir Roger Lobo, Mr. Robert Kwan and Mr. Ng Ching Wo.*

Please also refer to the published version of this announcement in The Standard.