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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.hk.cn>

(Stock code: 200)

PLACING OF EXISTING SHARES AND SUBSCRIPTION FOR NEW SHARES

The Placing and the Subscription

Better Joy Overseas Limited which presently individually holds 32.85% of the issued shares of the Company, and which is a member of a concert party consisting of Mr. Ho, Lasting Legend Limited, the Vendor, Dr. Stanley Ho, Madam Laam King Ying and Shun Tak Shipping Company Limited, which concert party together holds an aggregate 238,601,206 Shares representing approximately 62.86% of the issued shares of the Company, has agreed to place, through the Placing Agent, 75,900,000 Shares to independent investors at a price of HK\$5.20 per Share. On completion of the Placing, the Vendor will subscribe for 75,900,000 new Shares at the price of HK\$5.20 per Share.

The Placing is fully underwritten by the Placing Agent. Completion of the Subscription is subject to the satisfaction of certain conditions as described below. If these conditions are not fulfilled, the Subscription will not proceed.

The Placing Shares represent approximately 20.00% of the existing issued share capital of the Company of 379,557,880 Shares and approximately 16.66% of the Company's issued share capital as enlarged by the Subscription of 75,900,000 new Shares. Of the net proceeds from the Subscription of approximately HK\$377 million, approximately 25% (which represents approximately HK\$94 million) will be earmarked for expansion of the Company's "Mocha" slot machine operations in Macau, as to approximately 55% (which represents approximately HK\$207 million) for development of the luxury hotel and casino project in Taipa, Macau and as to the balance of approximately HK\$75 million as working capital.

The Vendor has approximately a 32.85% interest in the Company as at the date of this announcement which will be reduced to approximately 12.86% immediately upon completion of the Placing and will then be increased to approximately 27.38% immediately upon completion of the Subscription, assuming no other changes to the issued share capital of the Company and the shareholding of the Vendor prior to completion of the Subscription.

The Concert Group has approximately a 62.86% interest in the Company as at the date of this announcement which will be reduced to approximately 42.87% immediately upon completion of the Placing and will then be increased to approximately 52.39% immediately upon completion of the Subscription, assuming no other changes to the issued share capital of the Company and the shareholding of the Vendor prior to completion of the Subscription.

The Placing is subject to termination on the occurrence of certain events, set out in greater detail below, at any time before completion of the Placing.

Investors should exercise caution when dealing in the Shares

Dealing in the Shares on the Stock Exchange was suspended at the request of the Company from 9:30 a.m. on 15th October, 2004 pending the issue of this announcement. Application has been made by the Company for the resumption in the dealing in the Shares on the Stock Exchange with effect from 9:30 a.m. on 18th October, 2004.

The Directors are pleased to announce the signing of the Placing and Subscription Agreement dated 15th October, 2004 which was entered into between the Vendor, the Company and the Placing Agent containing the terms described in Sections A and B below.

A. PLACING OF 75,900,000 EXISTING SHARES

Vendor: The Vendor.

Number of Placing Shares: 75,900,000 Shares to be placed, representing approximately 20.00% of the existing issued share capital of the Company of 379,557,880 Shares and approximately 16.66% of the issued capital of the Company as enlarged by the issue of 75,900,000 new Shares under the Subscription. The Placing is fully underwritten by the Placing Agent.

Placing price: HK\$5.20 per Placing Share. This price was agreed after arm's length negotiations and represents (i) a discount of approximately 6.3% to the closing price of HK\$5.55 per Share as quoted on the Stock Exchange on the Last Dealing Date; and (ii) a discount of approximately 11.4% to the average closing price of approximately HK\$5.87 per Share

as quoted on the Stock Exchange for the 5 trading days of the Shares immediately before and including the Last Dealing Date.

Placing Agent: The Placing Agent, which is an Independent Third Party. The Placing Agent will receive a placement commission of 3.9% on the gross proceeds of the Placing.

Placees: The Placing Shares will be placed to not less than six institutional investors who should be Independent Third Parties. The Board does not expect any placee will become a substantial shareholder of the Company (as defined in the Listing Rules) as a result of the Placing.

Termination: The Placing is subject to termination on the occurrence of certain events prior to completion of the Placing, including:

- (a) any material breach of the warranties given by the Company and the Vendor under the Placing and Subscription Agreement; and
- (b) certain events of force majeure which might have a material adverse effect on the Placing including (i) the introduction or amendment of any laws which may affect the Group, (ii) any event which might adversely affect political, economic or stock market conditions, or (iii) any deterioration in the conditions of local or international securities markets.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

Completion: Apart from the Placing Agent's termination right referred to above, the Placing is unconditional and completion of the Placing is expected to take place on 19th October, 2004.

B. SUBSCRIPTION OF 75,900,000 NEW SHARES

Subscriber: The Vendor.

Number of Subscription Shares: The Company will issue 75,900,000 new Shares to the Vendor representing approximately 20.00% of the existing issued share capital of the Company and approximately 16.66% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares under the Subscription.

Subscription Price: HK\$5.20 per Subscription Share. Subject to the Subscription being completed, the Company will bear the costs and expenses in connection with the Placing and the Subscription which are estimated to be approximately HK\$18 million. Any interest earned by the Vendor on the moneys raised by the Placing, between the date of completion of the Placing and the date of completion of the Subscription, will be paid to the Company.

Special Mandate: The Subscription Shares will be issued pursuant to the mandate to allot, issue and deal with Shares granted to the Directors by a resolution of its shareholders passed at the Company's extraordinary general meeting held on 15th October, 2004. The general mandate has not been utilised prior to entering into the Placing and Subscription Agreement. The Company has not purchased any shares during the 30 consecutive trading day ending on and including the Last Dealing Date.

Ranking of Subscription Shares: The Subscription Shares will rank equally with Shares in issue at the time of issue and allotment of the Subscription Shares.

Use of Proceeds: Of the net proceeds from the Subscription of approximately HK\$377 million, approximately 25% (which represents approximately HK\$94 million) will be earmarked for expansion of the Company's "Mocha" slot machine operations in Macau, as to approximately 55% (which represents approximately HK\$207 million) for development of the luxury hotel and casino project in Taipa, Macau and as to the balance of approximately HK\$75 million as working capital.

Conditions: The Subscription is conditional upon:

- (a) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Subscription Shares; and
- (b) completion of the Placing.

Application will be made to the Stock Exchange to grant the listing of and permission to deal in the Subscription Shares. If the listing of the Subscription Shares is not granted, the Subscription will not proceed.

Completion: Under the Listing Rules, the Subscription must be completed within 14 days from the date of the Placing and Subscription Agreement, that is, on or

before 29th October, 2004 (or such later date as the Company and the Vendor may agree, such agreement not to unreasonably withheld or delayed, and subject to compliance in full with the connected transaction requirements of the Listing Rules), failing which the Subscription shall cease and terminate.

Other terms:

Each of the Vendor and the Company has agreed that it will not, before the expiry of 90 days following the day of completion of the Placing, offer, issue, allot, sell or otherwise dispose of any other Shares or any securities convertible into or exchangeable or carrying rights to acquire other Shares, or enter into any derivative transaction that has the economic effect of such sale, transfer or disposition, whether settled in cash or otherwise, without the prior written consent of the Placing Agent.

C. EFFECT OF THE PLACING AND SUBSCRIPTION

The respective shareholdings of the Vendor and the Concert Group in the Company immediately before completion of the Placing, immediately after completion of the Placing but before completion of the Subscription, and immediately after completion of both the Placing and the Subscription are and will be as follows:

	Shareholding in the Company held by the Vendor (Note 1 and Note 2)	No. of Shares in the Company held by the Vendor (Note 1 and Note 2)
Immediately before the Placing and the Subscription	32.85%	124,701,087
Immediately after the Placing but before the Subscription	12.86%	48,801,087
Immediately after the Placing and the Subscription	27.38%	124,701,087
	Shareholding in the Company held by the Concert Group (Note 1 and Note 3)	No. of Shares in the Company held by the Concert Group (Note 1 and Note 3)
Immediately before the Placing and the Subscription	62.86%	238,601,206
Immediately after the Placing but before the Subscription	42.87%	162,701,206
Immediately after the Placing and the Subscription	52.39%	238,601,206

Note:

1. The above figures are calculated based on a total of 379,557,880 Shares currently in issue. The above figures assume that other than the Subscription Shares, no new Shares are issued or no existing Shares are purchased by the Company and other than the Placing Shares, no Shares are sold or purchased by the Concert Group, in each case after the date of this announcement up to the date of the completion of the Subscription.

2. All 124,701,087 Shares are beneficially owned by the Vendor, which in turn is owned as to 77% by Mr. Ho and 23% by Dr. Stanley Ho.
3. The shareholding interests of members of the Concert Group are Dr. Stanley Ho as to 15,023,867 Shares, Madam Laam King Ying as to 222,287 Shares, Shun Tak Shipping Company Limited as to 39,083,147 Shares and Mr. Ho as to 184,271,905 Shares, of which 124,701,087 Shares are owned by the Vendor.

D. REASON FOR, BENEFITS OF, AND USE OF PROCEEDS FROM THE PLACING AND SUBSCRIPTION

The Company has been approached by potential investors offering attractive terms for an investment in the Company. Consequently, given the current market conditions and the positive interest from investors, and the fact that the Company has not undertaken any equity fund raising exercise over the past 12 months (save as to the issue and proposed issue of securities by the Company for acquisition of certain assets as detailed in the announcements dated 23rd March, 2004 and 13th September, 2004 respectively), the Directors consider that the Placing and Subscription represents a good opportunity to raise capital and strengthen its cash resources, while at the same time broadening the Company's shareholder base to include institutional investors. The Directors have considered other fund raising methods, but have concluded that, given the interest of investors and current market conditions, the Placing and Subscription is the most appropriate method to raise funds for the future development of the Group's business.

Of the net proceeds from the Subscription of approximately HK\$377 million, approximately 25% (which represents approximately HK\$94 million) will be earmarked for expansion of the Company's "Mocha" slot machine operations in Macau, as to approximately 55% (which represents approximately HK\$207 million) for development of the luxury hotel and casino project in Taipa, Macau and as to the balance of approximately HK\$75 million as working capital.

E. GENERAL

Dealing in the Shares on the Stock Exchange was suspended at the request of the Company from 9:30 a.m. on 15th October, 2004 pending the issue of this announcement. Application has been made by the Company for the resumption in the dealing in the Shares on the Stock Exchange with effect from 9:30 a.m. on 18th October, 2004.

F. DEFINITIONS

The following defined terms are used in this announcement:

"associates"	has the meaning ascribed thereto in the Listing Rules
"Board"	the board of Directors
"Company"	Melco International Development Limited

“Concert Group”	the Vendor and parties acting in concert with the Vendor, including Mr. Ho and Lasting Legend Limited, Dr. Stanley Ho, Madam Laam King Ying and Shun Tak Shipping Company Limited, together with their respective associates
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Independent Third Party”	an independent third party not connected with the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates as defined under the Listing Rules
“Last Dealing Date”	14th October, 2004, being the last day on which the Shares could be traded on the Stock Exchange prior to the suspension of dealings in Shares pending the issue of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Ho”	Mr. Lawrence Ho, managing director of the Company who indirectly controls the Vendor through his beneficial ownership of 77% of the issued share capital of the Vendor
“Placing”	the placing of the Placing Shares pursuant to the Placing and Subscription Agreement
“Placing Agent”	Deutsche Bank AG, Hong Kong Branch, an Independent Third Party
“Placing and Subscription Agreement”	the placing and subscription agreement between the Vendor, the Company and the Placing Agent dated 15th October, 2004
“Placing Shares”	the 75,900,000 Shares to be placed by the Placing Agent pursuant to the Placing and Subscription Agreement
“Shares”	ordinary shares of HK\$1.00 in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for the Subscription Shares pursuant to the Placing and Subscription Agreement

- “Subscription Shares” the 75,900,000 Shares to be subscribed for by the Vendor pursuant to the Placing and Subscription Agreement
- “Vendor” Better Joy Overseas Limited, the controlling shareholder of the Company and which is indirectly controlled by Mr. Ho.

As at the date of this announcement, the Board comprises three executive directors, namely, Dr. Stanley Ho (Chairman), Mr. Lawrence Ho (Managing Director) and Mr. Frank Tsui, two non-executive directors, namely, Mr. Ho Cheuk Yuet and Mr. Ng Ching Wo and three independent non-executive directors, namely, Sir Roger Lobo, Mr. Robert Kwan and Dr. Lo Ka Shui.

By order of the Board
Melco International Development Limited
Frank Tsui
Executive Director

Hong Kong, 15th October, 2004

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