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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)  
(Stock Code : 200)

**MAJOR TRANSACTION  
ESTABLISHMENT OF A JOINT VENTURE GROUP FOR  
PURSUANCE OF GAMING AND HOSPITALITY BUSINESSES  
MAJOR AND CONNECTED TRANSACTION  
FURTHER ACQUISITION OF INTEREST IN THE LAND  
REFRESHMENT OF GENERAL MANDATE  
TO ALLOT AND ISSUE SHARES**

**Clarification of certain information as contained in the Circular**

**SUMMARY**

The circular of the Company containing, amongst others (i) further information of the Definitive Agreements in respect of the proposed establishment of the JV Group; (ii) the principal terms of the Second Agreement; (iii) the principal terms of the Second Convertible Bond; (iv) details of the Refreshment of General Mandate; (v) the recommendation from the Independent Board Committee in respect of the Connected Transaction and the Refreshment of General Mandate; (vi) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and (vii) the notice convening the EGM regarding the Definitive Agreements, the Connected Transaction and the Refreshment of General Mandate, has been dispatched on 5 January 2005.

Due to a clerical oversight, the Company wishes to correct an inadvertent mistake made in the paragraph headed "Principal terms of the Second Convertible Bond" in the letter from the Board as contained in the Circular in that the initial conversion price of the Second Convertible Bond of HK\$8.20 should represent a discount of approximately 19.37% to (rather than a premium of approximately 19.37% over) the average closing price of the Shares on the Stock Exchange for the five trading days immediately before the release of the announcement of the Company dated 23 November 2004 regarding, inter alia, the Heads of Agreement and the Connected Transaction.

Due to an inadvertent mistake made in the calculation of the premium/(discount) of the conversion price of the Second Convertible Bond over/(to) the average closing price of the Shares on the Stock Exchange for the five trading days immediately before the release of the announcement of the Company dated 23 November 2004, Dao Heng Securities Limited, the Independent Financial Adviser to the Independent Board Committee also noticed that there are certain incorrect statements in its letter of advice to the Independent Board Committee contained in the Circular.

The Independent Financial Adviser to the Independent Board Committee, confirmed that despite the amendments need to be made, its recommendation with regard to the Second Agreement and the Refreshment of General Mandate and the reasoning thereof as stated in its letter of advice contained in the Circular remain unchanged.

The Independent Board Committee, having reviewed the revised analysis and opinion of the Independent Financial Adviser, maintained its opinion that the Connected Transaction is fair and reasonable so far as the Independent Shareholders are concerned and is in the interest of the Company and the Independent Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the EGM to approve the Connected Transaction.

**Shareholders should read the Circular, together with this announcement, carefully and in particular the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the recommendation of the Independent Board Committee to the Independent Shareholders before voting on the relevant resolution(s) to be proposed at the EGM.**

Reference is made to the announcements of the Company dated 23 November 2004, 7 December 2004 and 23 December 2004 in respect of, inter alia, the entering into of the Subscription Agreement and the Second Agreement and the issuance of the Second Convertible Bond and the circular of the Company dispatched to the Shareholders dated 5 January 2005 (the "Circular"). Unless otherwise stated, terms used in this announcement shall have the same meanings as those defined in the Circular.

The Circular containing, amongst others (i) further information of the Definitive Agreements in respect of the proposed establishment of the JV Group; (ii) the principal terms of the Second Agreement; (iii) the principal terms of the Second Convertible Bond; (iv) details of the Refreshment of General Mandate; (v) the recommendation from the Independent Board Committee in respect of the Connected Transaction and the Refreshment of General Mandate; (vi) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and (vii) the notice convening the EGM regarding the Definitive Agreements, the Connected Transaction and the Refreshment of General Mandate, has been dispatched on 5 January 2005.

Due to a clerical oversight, the Company wishes to correct an inadvertent mistake made in the paragraph headed "Principal terms of the Second Convertible Bond" in the letter from the Board as contained in the Circular in that **the initial conversion price of the Second Convertible Bond of HK\$8.20 should represent a discount of approximately 19.37% to** (rather than a premium of approximately 19.37% over) the average closing price of the Shares on the Stock Exchange for the five trading days immediately before the release of the announcement of the Company dated 23 November 2004 regarding, inter alia, the Heads of Agreement and the Connected Transaction. Save for the above, the Directors confirm that they are not aware of any other discrepancy or mistake in the said letter from the Board or the other parts of the Circular.

Due to an inadvertent mistake made in the calculation of the premium/(discount) of the conversion price of the Second Convertible Bond over/(to) the average closing price of the Shares on the Stock Exchange for the five trading days immediately before the release of the announcement of the Company dated 23 November 2004, Dao Heng Securities Limited, the Independent Financial Adviser to the Independent Board Committee, also noticed that there are certain incorrect statements in its letter of advice to the Independent Board Committee contained in the Circular, which should be rectified as follows:

In table 1 headed "Comparison of Conversion Price with the Share closing prices in different periods" on p.46 of the Circular, the average closing price per Share should be **HK\$10.17** (instead of "HK\$10.08") for the 5 days up to and including 11 November 2004 and the Conversion Price should represent a **discount** (instead of "premium") of 19.4% to the average closing price per Share for the 5 days up to and including 11 November 2004.

In the first paragraph on p.47 of the Circular, it should be read as “The table above shows that the conversion price represents substantial premiums ranging from approximately **59.5%** (instead of “19.4%”) to 178.9% over the average Share closing price of (i) the three months up to 11 November 2004; (ii) the six months up to 11 November 2004; and (iii) the One-year Period, while it represents discounts of approximately 6.4%, **19.4%** and 16.8% to (i) the Share closing price on 11 November 2004; (ii) **the five days up to 11 November 2004**; and (iii) average Share closing price for the one month ended 11 November 2004”.

In table 2 headed “Summary of the Comparable Issues” on p.48 of the Circular, the Conversion Price should represent a **discount** (instead of “premium”) of 19.4% to the average closing price per Share in the last five trading days prior to the related announcement.

Starting from the fifth line of the first paragraph on p.50 of the Circular, it should be read as “The conversion price of the Second Convertible Bond represents a **discount** (instead of “premium”) of approximately 19.4% **to** (instead of “over”) the average closing price of the Shares in the last five trading days prior to the date of the Second Agreement, which lies **within** (instead of “in the high end of”) the range of that of the ten Comparable Issues. Given that (i) the Conversion Price is higher than the Share price most of the time in the One-year Period; (ii) the Conversion Price is significantly higher than the NTA per Share based on the financial statements of the Group as at 30 June 2004; and (iii) the Conversion Price represents a **discount** (instead of “premium”) of approximately 19.4% **to** (instead of “over”) the average closing price of the Shares in the last five trading days prior to the date of the Second Agreement, which lies **within** (instead of “in the high end of”) the range of the Comparable Issues **from a discount of approximately 91.3% to a premium of approximately 24.2%**, we consider that the conversion price as stipulated under the Second Convertible Bond is acceptable”.

As to item (iii) on p.55 of the Circular, it should be read as “that the Conversion Price of the Second Convertible Bond represents a substantial premium over the unaudited net tangible asset value of the Company as at 30 June 2004 and significant premium over the closing price during most of the time in the One-year Period and the **discount to** (instead of “premium over”) the average closing price of Shares in the last five trading days prior to the suspension pending the publish of the announcement relating to the Second Agreement is within the range of those of the Comparable Issues;”.

The Independent Financial Adviser to the Independent Board Committee confirmed that it is not aware of any other discrepancy or mistake in its letter of advice and, despite the above changes and due to the fact that the Conversion Price represents a discount of approximately 19.4% to the average closing price of the Shares in the last five trading days up to and including the date of the Second Agreement, which lies within the range of the Comparable Issues from a discount of approximately 91.3% to a premium of approximately 24.2%, its recommendation with regard to the Second Agreement and the Refreshment of General Mandate and the reasoning thereof as stated in its letter of advice contained in the Circular remain unchanged.

The Independent Board Committee, having reviewed the revised analysis and opinion of the Independent Financial Adviser, maintained its opinion that the Connected Transaction is fair and reasonable so far as the Independent Shareholders are concerned and is in the interest of the Company and the Independent Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the EGM to approve the Connected Transaction.

**Shareholders should read the Circular, together with this announcement, carefully and in particular the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the recommendation of the Independent Board Committee to the Independent Shareholders before voting on the relevant resolution(s) to be proposed at the EGM.**

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 of  
**Melco International Development Limited**  
**Samuel Tsang**  
*Company Secretary*

Hong Kong, 6 January 2005

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