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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)

PROPOSED SHARE SUBDIVISION AND CHANGE OF BOARD LOT SIZE

The Board proposes that each of the existing issued and unissued Shares of HK\$1.00 each in the share capital of Melco be subdivided into two Subdivided Shares of HK\$0.50 each. The Share Subdivision will become effective upon the fulfillment of the conditions set out below.

As at the date of this announcement, Shares are traded on the Stock Exchange in board lots of 2,000 Shares. Upon the Share Subdivision becoming effective, the board lot size of the Subdivided Shares for trading will be changed to 1,000 Subdivided Shares.

An ordinary resolution to approve the Share Subdivision and all matters related thereto will be proposed at the forthcoming annual general meeting of Melco to be held on 18 May 2005.

A circular containing, among other things, the details of the Share Subdivision and the change of board lot size together with the notice of annual general meeting will be despatched to the Shareholders as soon as practicable.

SHARE SUBDIVISION

The Board proposes that each of the existing issued and unissued Shares of HK\$1.00 each in the share capital of Melco be subdivided into two Subdivided Shares of HK\$0.50 each. The Share Subdivision will become effective upon the fulfillment of the conditions set out below. As at the date of this announcement, Shares are traded on the Stock Exchange in board lots of 2,000 Shares. Upon the Share Subdivision becoming effective, the board lot size of the Subdivided Shares for trading will be changed to 1,000 Subdivided Shares.

EFFECTS OF THE SHARE SUBDIVISION

Share capital

As at the date of this announcement, the authorized share capital of Melco is HK\$700,000,000 divided into 700,000,000 Shares, of which 467,504,054 Shares are in issue and fully paid. Assuming that no further Shares will be issued after the date of this announcement and before the effective date of the Share Subdivision, the effect of the Share Subdivision is set out as follows:

	Prior to the Share Subdivision	After the Share Subdivision
Par value of each share of Melco	HK\$1.00	HK\$0.50
Number of authorized shares of Melco	700,000,000	1,400,000,000
Authorised share capital	HK\$700,000,000	HK\$700,000,000
Number of shares of Melco in issue	467,504,054	935,008,108
Issued share capital	HK\$467,504,054	HK\$467,504,054
Number of unissued shares of Melco	232,495,946	464,991,892
Unissued share capital	HK\$232,495,946	HK\$232,495,946

The Subdivided Shares will be fully paid and will rank pari passu in all respects with each other and the Share Subdivision will not result in any change in the relevant rights of the Shareholders.

Save for the expenses incurred in relation to the Share Subdivision, which is estimated to be approximately HK\$150,000, implementation of the Share Subdivision will not alter the underlying assets, business operations, management or financial position of Melco or the interests of the Shareholders. The Directors consider that the Share Subdivision will not have any adverse effect on the financial position of the Group.

Convertible securities

As at the date of this announcement, there are no outstanding options, warrants or securities convertible or exchangeable into Shares other than the following:

- (i) 16,306 Options carrying rights to subscribe for 16,306 Shares at an exercise price of HK\$1.00 per Share;
- (ii) 4,177,670 Options carrying rights to subscribe for 4,177,670 Shares at an exercise price of HK\$1.1067 per Share;
- (iii) 9,032,000 Options carrying rights to subscribe for 9,032,000 Shares at an exercise price of HK\$2.405 per Share;
- (iv) 6,034,000 Options carrying rights to subscribe for 6,034,000 Shares at an exercise price of HK\$3.375 per Share;
- (v) 1,029,700 Options carrying rights to subscribe for 1,029,700 Shares at an exercise price of HK\$14.8 per Share;
- (vi) Better Joy First Convertible Note in the principal amount of HK\$22,500,000 carrying rights to subscribe for 9,782,608 Shares at a conversion price of HK\$2.30 per Share at any time on or before 29 June 2005;
- (vii) Better Joy Second Convertible Note in the principal amount of HK\$22,500,000 carrying rights to subscribe for 9,782,608 Shares at a conversion price of HK\$2.30 per Share at any time on or before 29 June 2006;
- (viii) STDM First Convertible Note in the principal amount of HK\$100,000,000 carrying rights to subscribe for 25,000,000 Shares at a conversion price of HK\$4.00 per Share at any time from the third anniversary of the date of issue of the First STDM Convertible Note, namely, 9 November 2004, to 8 November 2009; and
- (ix) STDM Second Convertible Note in the principal amount of HK\$56,000,000 carrying rights to subscribe for 6,829,268 Shares at a conversion price of HK\$8.20 per Share at any time from the third anniversary of the date of issue of the Second STDM Convertible Note, namely, 8 February 2005, to 7 February 2010.

The terms of the outstanding Options granted by Melco pursuant to the Share Option Scheme will be adjusted in such manner as Melco's auditors shall certify to the Board is, in their opinion, fair and reasonable to take account of the Share Subdivision. The Board anticipates that upon the Share Subdivision becoming effective, the terms of such outstanding Options will be adjusted as follows:

Outstanding Options	Exercise price before the Share Subdivision (HK\$)	Number of Shares to be issued	Exercise price after the Share Subdivision (HK\$)	Number of Subdivided Shares to be issued
As mentioned in (i) above	1.00	16,306	0.50	32,612
As mentioned in (ii) above	1.1067	4,177,670	0.55335	8,355,340
As mentioned in (iii) above	2.405	9,032,000	1.2025	18,064,000
As mentioned in (iv) above	3.375	6,034,000	1.6875	12,068,000
As mentioned in (v) above	14.8	1,029,700	7.4	2,059,400

The Share Subdivision constitutes an event giving rise to an adjustment to the respective conversion prices of the Convertible Notes pursuant to the respective instruments constituting the Convertible Notes. Upon the Share Subdivision becoming effective, the terms of the respective Convertible Notes will be adjusted as follows:

Convertible Notes	Conversion price before the Share Subdivision (HK\$)	Number of Shares to be issued	Conversion price after the Share Subdivision (HK\$)	Number of Subdivided Shares to be issued
Better Joy First Convertible Note	2.30	9,782,608	1.15	19,565,216
Better Joy Second Convertible Note	2.30	9,782,608	1.15	19,565,216
STDM First Convertible Note	4.00	25,000,000	2.00	50,000,000
STDM Second Convertible Note	8.20	6,829,268	4.10	13,658,536

CHANGE OF BOARD LOT SIZE

As at the date of this announcement, Shares are traded on the Stock Exchange in board lots of 2,000 Shares. Upon the Share Subdivision becoming effective, the board lot size of the Subdivided Shares for trading will be changed to 1,000 Subdivided Shares.

The table below sets out the average daily trading volume of the Shares for the last six completed months quoted from the Stock Exchange:

Month	Average daily trading volume of the Shares
October 2004	21,343,886
November 2004	20,198,427
December 2004	11,825,617
January 2005	5,764,442
February 2005	2,169,885
March 2005	2,848,952

REASON FOR THE SHARE SUBDIVISION AND CHANGE OF BOARD LOT SIZE

The Directors believe that the reduced amount for investing in a board lot of the Subdivided Shares as a result of the Share Subdivision and the change in board lot size will improve the liquidity in the trading of the shares of Melco, thereby enabling Melco to attract more investors and broaden its shareholders' base. The Board is of the opinion that the Share Subdivision and the change in board lot size are in the interests of Melco and the Shareholders as a whole.

CONDITIONS

The Share Subdivision is conditional upon:

- the passing of an ordinary resolution by the Shareholders at the AGM; and
- the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Subdivided Shares and any new Subdivided Shares which may fall to be issued pursuant to (i) the exercise of Options granted under the Share Option Scheme and (ii) the conversion of the Convertible Notes.

An application will be made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Subdivided Shares and any new Subdivided Shares which may fall to be issued pursuant to the exercise of the Options and the conversion under the Convertible Notes.

EXPECTED TIMETABLE

It is currently expected that the Share Subdivision will become effective on Thursday, 19 May 2005. The expected timetable for the implementation of the Share Subdivision and the associated trading arrangements are set out as follows:

	2005
Despatch of circular in relation to, inter alia, the Share Subdivision	On or before Monday, 18 April
Latest time for lodging forms of proxy for the AGM	3:30 p.m. on Monday, 16 May
AGM to approve, inter alia, the Share Subdivision	3:30 p.m. on Wednesday, 18 May
Effective date of the Share Subdivision	Thursday, 19 May
Dealings in Subdivided Shares commence	9:30 a.m. on Thursday, 19 May
Original counter for trading in existing Shares in board lots of 2,000 Shares temporarily closes	9:30 a.m. on Thursday, 19 May
Temporary counter for trading in Subdivided Shares in board lots of 4,000 Subdivided Shares (in the form of existing share certificates) opens	9:30 a.m. on Thursday, 19 May

First day for free exchange of certificates for existing
Shares for new certificates for Subdivided Shares Thursday, 19 May

Original counter for trading in Subdivided Shares in
board lots of 1,000 Subdivided Shares (in the form of
new certificates for Subdivided Shares) re-opens 9:30 a.m. on Thursday, 2 June

Parallel trading in Subdivided Shares (in the form of new
certificates for Subdivided Shares and certificates
for existing Shares) commences 9:30 a.m. on Thursday, 2 June

Temporary counter for trading in Subdivided Shares in
board lots of 4,000 Subdivided Shares (in the form
of existing share certificates) closes 4:00 p.m. on Thursday, 23 June

Parallel trading in Subdivided Shares (in the form of new
certificates for Subdivided Shares and certificates
for existing Shares) ends 4:00 p.m. on Thursday, 23 June

Last day for free exchange of certificates for existing
Shares for new certificates for Subdivided Shares 4:00 p.m. on Thursday, 30 June

Certificates for existing Shares will only be valid for delivery and settlement purposes for the period up to 4:00 p.m. on Thursday 23 June 2005 and thereafter will not be accepted for settlement purposes. However, the certificates for existing Shares will continue to be good evidence of legal title to the Subdivided Shares on the basis of one existing Share for two Subdivided Shares.

Subject to the Share Subdivision becoming effective, Shareholders may, during business hours from Thursday, 19 May 2005 to 4:00 p.m. on Thursday, 30 June 2005 (both dates inclusive), submit their existing certificates for the Shares to Melco's share registrars, Standard Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong in exchange for new certificates for the Subdivided Shares (on the basis of every one Share for two Subdivided Shares) free of charge. Thereafter, share certificates for Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such amount as may from time to time be specified by the Stock Exchange) for each new certificate issued for the Subdivided Shares or each old share certificate submitted, whichever number of share certificate involved is higher. As the Subdivided Shares will be traded in board lots of 1,000 Subdivided Shares, the Share Subdivision will not result in trading of Shares in an odd lot for any whole board lot of 2,000 Shares held by the Shareholders. Therefore, no odd lot arrangement will be provided to the Shareholders by virtue of the Share Subdivision.

In order to distinguish between the existing and the new certificates, certificates for the Subdivided Shares will be blue in colour, which is different from the existing certificates for the Shares, which are pink in colour.

It is expected that new certificates for the Subdivided Shares will be available for collection on or after the tenth business day from the date of submission of the existing certificates for the Shares to Melco's share registrars at the abovementioned address. Unless otherwise instructed, new certificates will be issued in the board lot size of 1,000 Subdivided Shares.

GENERAL

A circular containing, among other things, the details of the Share Subdivision and change of board lot size together with the notice of AGM will be despatched to the Shareholders as soon as practicable.

Further announcement will be made by Melco as soon as the Share Subdivision becomes unconditional.

As at the date of this announcement, the Board comprises three Executive Directors, namely, Dr. Stanley Ho, Mr. Lawrence Ho and Mr. Frank Tsui, two Non-executive Directors, namely, Mr. Ng Ching Wo and Mr. Ho Cheuk Yuet and three Independent Non-executive Directors, namely, Sir Roger Lobo, Mr. Robert Kwan and Dr. Lo Ka Shui.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following respective meanings:

“AGM” the annual general meeting of Melco to be held at 3:30 p.m. on Wednesday, 18 May 2005, to consider and, if thought fit, to approve, amongst other things, the proposal of the Share Subdivision and all matters related thereto

“Board”	the board of Directors
“Better Joy First Convertible Note”	the convertible note issued by Melco to Better Joy Overseas Limited on 9 June 2004, details of which are disclosed in the announcement and circular of Melco respectively dated 23 March 2004 and 23 April 2004
“Better Joy Second Convertible Note”	the other convertible note issued by Melco to Better Joy Overseas Limited on 9 June 2004, details of which are disclosed in the announcement and circular of Melco respectively dated 23 March 2004 and 23 April 2004
“Convertible Notes”	the Better Joy First Convertible Note, the Better Joy Second Convertible Note, the STDM First Convertible Note and the STDM Second Convertible Note
“Director(s)”	the directors of Melco
“Group”	Melco and its subsidiaries from time to time
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Melco”	Melco International Development Limited, a company incorporated in Hong Kong, the securities of which are listed on the Stock Exchange
“Option(s)”	the right(s) granted under the Share Option Scheme to subscribe for shares of Melco in accordance with the Share Option Scheme
“Share(s)”	ordinary share(s) of HK\$1.00 each in the share capital of Melco prior to the Share Subdivision
“Share Option Scheme”	the share option scheme of Melco adopted on 8 March 2002
“Shareholder(s)”	holder(s) of the Shares
“Share Subdivision”	the proposed subdivision of every one Share of HK\$1.00 each in the issued and unissued share capital of Melco into two Subdivided Shares of HK\$0.50 each
“STDM First Convertible Note”	the convertible note issued by Melco to Sociedade de Turismo e Diversoes de Macau, S.A.R.L. on 9 November 2004, details of which are disclosed in the announcement and circular of Melco respectively dated 13 September 2004 and 11 October 2004
“STDM Second Convertible Note”	the other convertible note issued by Melco to Sociedade de Turismo e Diversoes de Macau, S.A.R.L. on 8 February 2005, details of which are disclosed in the announcement and circular of Melco respectively dated 23 November 2004 and 5 January 2005
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subdivided Share(s)”	ordinary share(s) of HK\$0.50 each in the share capital of Melco upon completion of the Share Subdivision
“HK\$”	Hong Kong dollars

By order of the board of
Melco International Development Limited
Ho, Lawrence Yau Lung
Managing Director

Hong Kong, 7 April 2005

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