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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

In its announcement dated 13th May, 2005, the Company announced that it was considering a possible Placing of existing Shares held by one or more members of the Concert Party and a corresponding “top up” subscription for new Shares as contemplated by Listing Rule 14A.31(3)(d) and Note 6 of the Notes on dispensations from Rule 26.1 of the Takeovers Code.

The Placing and the Subscription

The Directors are pleased to announce that Better Joy, which presently holds approximately 29.38% of the issued Shares of the Company, and which is a member of the Concert Party (which currently holds an aggregate 259,066,422 Shares representing approximately 52.76% of the issued Shares of the Company), has agreed to place, through the Placing Agent, 70,000,000 Shares to independent investors at a price of HK\$18.25 per Share, being an aggregate amount of HK\$1,277,500,000. Following completion of the Placing, the Vendor will subscribe for 70,000,000 new Shares, for an aggregate subscription price of HK\$1,277,500,000 less the amount of the commissions and expenses incurred by the Vendor in relation to the Placing and the Subscription. The market value of the Placing Shares, at the placing price, is HK\$1,277,500,000 and the market value of the Subscription Shares, at the subscription price, is approximately HK\$1,239,000,000.

The Subscription is a connected transaction under the Listing Rules, but is exempt under Listing Rule 14A.31(3)(d) from the reporting, announcement and independent shareholders' approval requirements of the Listing Rules.

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 14.26% of the existing issued Share capital of the Company of 491,019,270 Shares and approximately 12.48% of the Company's issued Share capital as enlarged by the Subscription of 70,000,000 new Shares. The net proceeds from the Placing, of approximately HK\$1,239,000,000, will be used to finance the construction and development of the proposed integrated entertainment resort described in the Company's announcement dated 13th May, 2005 relating to the “Proposed Acquisition of Additional Land in Macau for Development as an Integrated Entertainment Resort”.

The Vendor's interest in the Company of approximately 29.38% as at the date of this announcement will be reduced to approximately 15.12% immediately upon completion of the Placing and will then be increased to approximately 25.72% 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 Party's interest in the Company of approximately 52.76% as at the date of this announcement will be reduced to approximately 38.5% immediately upon completion of the Placing and will then be increased to approximately 46.18% 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.

Dealing in the Shares on the Stock Exchange was suspended at the request of the Company from 9:30 a.m. on 11th May, 2005 pending the issue of the Acquisition Announcement and this announcement. Application has been made by the Company for the resumption of dealing in the Shares on the Stock Exchange with effect from 9:30 a.m. on 18th May, 2005.

The Directors are pleased to announce the signing of the Placing and Subscription Agreement on 17th May, 2005 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 70,000,000 EXISTING SHARES CURRENTLY HELD BY BETTER JOY AT A PLACING PRICE OF HK\$18.25 PER SHARE

Vendor: The Vendor.

Number of Placing Shares: 70,000,000 Shares to be placed, representing approximately 14.26% of the existing issued Share capital of the Company of 491,019,270 Shares and approximately 12.48% of the issued Share capital of the Company as enlarged by the issue of 70,000,000 new Shares under the Subscription. The Placing Shares rank pari passu with the existing issued Shares of the Company. The Placing is fully underwritten by the Placing Agent.

Placing price: HK\$18.25 per Placing Share. This price was agreed after arm's length negotiations and represents (i) a discount of approximately 5.93% to the closing price of HK\$19.40 per Share as quoted on the Stock Exchange on the Last Dealing Date; and (ii) a discount of approximately 8.43% to the average closing price of approximately HK\$19.93 per Share as quoted on the Stock Exchange for the 5 trading days of the Shares immediately before and including the Last Dealing Date. The estimated costs of the Placing and the Subscription are approximately HK\$38,500,000, resulting in aggregate net proceeds of the Placing of approximately HK\$1,239,000,000 or a net price of approximately HK\$17.70 per Placing Share.

Placing Agent: Credit Suisse First Boston (Hong Kong) Limited, which is an Independent Third Party. The Placing Agent will receive a placement commission of 2.875% on the gross proceeds of the Placing.

Placees: The Placing Shares will be placed to not less than six institutional investors who are Independent Third Parties. Each of the Placees is independent of and does not act in concert with the Vendor or any person acting in concert or deemed to be acting in concert with the Vendor under the Takeovers Code (including any other member of the Concert Party). Each of the Placees and parties acting in concert with the relevant Placee will hold less than 30% of the voting rights of the Company following the Placing and, accordingly, the Placing will not result in an obligation to make a general offer under the Takeovers Code. 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;

- (b) certain events of force majeure which might have a material adverse effect on the Placing including (i) the introduction or amendment of any new laws or regulations which may affect the Group, (ii) any significant change in local, national or international monetary, economic, financial, political or military conditions, or (iii) any significant change in local, national or international securities market conditions or currency exchange rates or foreign exchange controls; and
- (c) any suspension of dealings in the Shares prior to completion of the Placing, other than as a result of the Placing.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement. The Directors consider that the placing price of HK\$18.25 per Placing Share is fair and reasonable in the circumstances.

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 20th May, 2005.

B. SUBSCRIPTION OF 70,000,000 NEW SHARES BY BETTER JOY

Subscriber:

The Vendor.

**Number of
Subscription Shares:**

The Company will issue 70,000,000 new Shares to the Vendor representing approximately 14.26% of the existing issued Share capital of the Company and approximately 12.48% of the issued Share capital of the Company as enlarged by the issue of the Subscription Shares under the Subscription.

Subscription Price:

An aggregate amount of HK\$1,277,500,000 (equal to the aggregate gross proceeds of the Placing) less the amount of the commission and expenses incurred by the Vendor in relation to the Placing and the Subscription, which are estimated to be approximately HK\$38,500,000. This represents a net subscription price per Subscription Share of approximately HK\$17.70. The net subscription price represents a discount of approximately 8.76% to the closing price of HK\$19.40 per Share as quoted on the Stock Exchange on the Last Dealing Date and a discount of approximately 11.19% to the average closing price of approximately HK\$19.93 per Share as quoted on the Stock Exchange for the 5 trading days of the Shares immediately before and including the Last Dealing Date. 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.

General 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 20th January, 2005. The general mandate has not been utilised prior to entering into the Placing and Subscription Agreement.

**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:

The net proceeds from the Placing of approximately HK\$1,239,000,000 will be used to finance the construction and development of the proposed integrated entertainment resort described in the Company's announcement dated 13th May, 2005 relating to the "Proposed Acquisition of Additional Land in Macau for Development as an Integrated Entertainment Resort". The Placing and Subscription are not conditional on completion of the transactions described in the Acquisition Announcement. Similarly, the transactions described in the Acquisition Announcement are not conditional on completion of the Placing or the Subscription.

Briefly, as referred to in the Acquisition Announcement, Melco Entertainment has agreed to acquire the entire issued share capital of Melco Hotels, a company holding the right to be granted a long term lease by the Macau Government in respect of a plot of land of approximately 113,325 sq. metres in Taipa, Macau, located on the Cotai Strip, for the construction and development of an integrated entertainment resort. The Acquisition Announcement also describes in detail the Company's proposals to develop the land, which include the construction of:

- one five star hotel with approximately 500 rooms and two four star hotels with approximately 750 rooms each
- subject to obtaining the necessary Macau regulatory approvals, an underwater casino showcasing tropical marine life with approximately 45,000 sq. meters gaming space and 400 mass market gaming tables, 50 premium player market gaming tables and 3,000 electronic slot machines
- two blocks of service apartments with approximately 142,000 sq. meters saleable area
- retail shopping space of approximately 10,000 sq. meters
- a performance hall with approximately 8,500 sq. meters auditorium and back of house areas
- car parking facilities and other supporting infrastructure

Shareholders and the public are advised to refer to the Acquisition Announcement for further details.

As set out in the Acquisition Announcement, the Directors anticipate that the total costs of the land and the construction and development of the integrated entertainment resort described in the Acquisition Announcement will be in the region of HK\$7,963 million, consisting of approximately HK\$1,684 million of land costs and land premium and approximately HK\$6,279 million of construction costs. Of the aggregate estimated costs of the development of approximately HK\$7,963 million, it is anticipated that:

- approximately HK\$5,176 million will be financed by way of project financing, to be undertaken by Melco Entertainment
- approximately HK\$2,787 million will be financed by way of equity, from a combination of internal resources of Melco Entertainment and additional equity to be funded by further contributions of equity in, or advances of shareholders loans to, Melco Entertainment

**Fund Raising Exercises
Carried Out by
the Company in the
Past Twelve Months**

Save for the following fund raising exercises, the Company has not undertaken any fund raising exercise in the past twelve months:

- (i) as part of the Group reorganization as disclosed in two announcements and a circular of the Company respectively dated 23rd March 2004, 1st April 2004 and 23rd April 2004, the Company acquired 80% equity interests in Mocha Slot on 9th June 2004 for a total consideration of HK\$398 million which was settled by way of issue of a total of 153,478,261 Shares at the then issue price of HK\$2.3 per Share and HK\$45 million for a shareholder's loan of the same face value previously granted by Better Joy to Mocha Slot which was settled by way of issue of two convertible notes by the Company to Better Joy in the aggregate sum of HK\$45 million with a conversion right to convert the same into 19,565,216 Shares at a conversion price of HK\$2.3 per Share. On 11th April 2005, Better Joy exercised the said conversion right in full, resulting in a total of 19,565,216 Shares issued to Better Joy;

- (ii) as disclosed in the announcement and circular of the Company respectively dated 13th September 2004 and 11th October 2004, the Company has entered into an agreement with STDM pursuant to which the Company has agreed to acquire 50% equity interests in Great Wonders from STDM for a consideration of HK\$100 million, which would be settled by way of issue of the First Convertible Bond (as defined in the announcement of the Company dated 13th September 2004) to STDM with the principal amount of HK\$100 million with a conversion right to convert the same into 25,000,000 Shares at a conversion price of HK\$4.0 per Share. After obtaining the independent shareholders' approval (by way of poll) of the agreement, the First Convertible Bond and the issue and allotment of Shares upon conversion of the First Convertible Bond at the extraordinary general meeting of the Company held on 2nd November 2004, the Company issued the First Convertible Bond to STDM on 9th November 2004;
- (iii) as disclosed in the announcement and circular of the Company respectively dated 23rd November 2004 and 5th January 2005, the Company has entered into an agreement with STDM pursuant to which the Company has agreed to acquire additional 20% equity interests in Great Wonders from STDM for a consideration of HK\$56 million, which would be settled by way of issue of the Second Convertible Bond (as defined in the announcement of the Company dated 23rd November 2004) to STDM with the principal amount of HK\$56 million with a conversion right to convert the same into 6,829,268 Shares at a conversion price of HK\$8.2 per Share. After obtaining the independent shareholders' approval (by way of poll) of the agreement, the Second Convertible Bond and the issue and allotment of Shares upon conversion of the Second Convertible Bond at the extraordinary general meeting of the Company held on 20th January 2005, the Company issued the Second Convertible Bond to STDM on 8th February 2005; and
- (iv) as disclosed in the announcement of the Company dated 15th October 2004, the Company has carried out a top-up placing of 75,900,000 Shares at a placing price of HK\$5.2 per Share on 15th October 2004. The net proceeds generated from the top-up placing were approximately HK\$377 million, out of which approximately HK\$94 million was earmarked for the expansion of the business of Mocha Slot, as to approximately HK\$207 million for the development of the "Park Hyatt" luxury hotel project and as to the remaining approximately HK\$75 million as working capital for the Group. As at the date of this announcement, the Company has utilized a total sum of approximately HK\$29.3 million mainly for acquisition of hardware and systems for the business of Mocha Slot and a total sum of approximately HK\$56.4 million in connection with the "Park Hyatt" luxury hotel project. It is the present intention of the Company to utilize the net proceeds of the top-up placing according to the intended application thereof as disclosed in the announcement dated 15th October 2004. To the extent that the net proceeds from the top-up placing are not immediately required for the above purposes, the Company has placed such funds in short-term deposits with banks and/or financial institutions.

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 31st May, 2005 (or such later date as the Company and the Vendor may agree, subject to compliance in full with the connected transaction requirements of the Listing Rules), failing which the Subscription shall cease and terminate.

Other terms:

The Vendor has agreed that it will not, before the expiry of 90 days following the date of completion of the Placing (and will procure that its nominees and companies controlled by it and trusts associated with it will not) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of any Shares (including the Subscription Shares) beneficially owned or held by the Vendor or enter into any swap or similar arrangement that transfers the economic risk of ownership of such Shares, without the prior written consent of the Placing Agent.

The Company has agreed that it will not, before the expiry of 90 days following the date of completion of the Placing, allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe any Shares or securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or agree to enter into or effect any such transaction with the same economic effect or announce any intention to enter into or effect any such transaction, without the prior written consent of the Placing Agent. The Company's undertaking is subject to a number of exceptions, which permit the Company to issue: (i) the Subscription Shares, (ii) Shares which may be issued under any employee share option scheme of the Company or any outstanding warrants, (iii) Shares which may be issued pursuant to a bonus or scrip dividend, (iv) Shares which may be issued pursuant to the conversion of outstanding convertible bonds or notes or any convertible bonds or notes the issue of which has been announced prior to the date of the Placing Agreement, and (v) Shares which may be issued under any agreement to issue Shares which has been announced prior to the date of the Placing Agreement.

Miscellaneous:

The market value of the Placing Shares, at the Placing price, is HK\$1,277,500,000 and the market value of the Subscription Shares, at the Subscription price, is approximately HK\$1,239,000,000.

The Subscription is a connected transaction under the Listing Rules, but is exempt under Listing Rule 14A.31(3)(d) from the reporting, announcement and independent shareholders' approval requirements of the Listing Rules.

The Directors consider that the terms of the Placing and Subscription are fair and reasonable and in the best interests of the Shareholders and the Company as a whole.

C. EFFECT OF THE PLACING AND SUBSCRIPTION ON SHAREHOLDINGS OF THE COMPANY

Details of the effect of the Placing and Subscription on Shareholdings of the Company are set out in the table which appears below in this announcement. The existing issued share capital of Melco comprises 491,019,270 Shares. A concert party comprising Mr. Lawrence Ho, Lasting Legend, Better Joy, Dr. Stanley Ho, Madam Lucina Laam King Ying and Shun Tak Shipping Co. Ltd. hold, in aggregate, 259,066,422 Shares representing approximately 52.76% of the Shares in issue. The balance of 231,952,848 Shares, representing approximately 47.24% of Melco, are held by the public.

Dr. Stanley Ho is the father of Mr. Lawrence Ho and Madam Lucina Laam King Ying is the mother of Mr. Lawrence Ho. Shun Tak Shipping Co. Ltd. is a company controlled by Dr. Stanley Ho. Lasting Legend and Better Joy are both companies controlled by Mr. Lawrence Ho. As such, Dr. Stanley Ho, Madam Lucina Laam King Ying, Shun Tak Shipping Co Ltd., Lasting Legend, Better Joy and Mr. Lawrence Ho are parties acting in concert for the purposes of the Takeovers Code.

In addition, STDM holds a HK\$100 million 5 year convertible bond and a HK\$56 million 5 year convertible bond which are convertible into 25,000,000 and 6,829,268 new Shares, respectively, at the conversion price of HK\$4.00 per Share and HK\$8.20 per Share, respectively. Dr. Stanley Ho is a director and shareholder of STDM, which is deemed under the Takeovers Code to be acting in concert with the Concert Party.

As referred to in Melco's announcement dated 22nd March 2005, Melco has entered into an agreement with STDM for the purpose of acquiring the remaining 30% interest in Great Wonders. The consideration for the acquisition includes the issue of 11,111,111 new Shares at an issue price of HK\$18.00 per Share to STDM. Assuming the Subscription is completed in accordance with the terms of the Placing and Subscription Agreement, those Shares will be issued to STDM only after completion of the Placing and the Subscription. Those Shares represent approximately 1.98% of the issued Shares of Melco immediately following completion of the Placing and Subscription and approximately 1.942% of the enlarged issued Share capital of Melco immediately following completion of the Placing and Subscription and the issue of those 11,111,111 Shares.

Assuming completion of the Placing and the Subscription has occurred, the issue of those 11,111,111 Shares to STDM would increase the aggregate Shareholding of the Concert Party by less than 2%, from approximately 46.178% to approximately 47.22%. Accordingly, the issue of those Shares, which is within the 2% "creeper" limit under the Takeovers Code, will not have any immediate consequences under the Takeovers Code. The acquisition of the remaining 30% of Great Wonders from STDM is a connected transaction for Melco under the Listing Rules and is, therefore, subject to approval by resolution of the independent shareholders, which will be proposed at an extraordinary general meeting of Melco to be convened and held in June 2005. Subject to that approval having been obtained, those Shares will be issued to STDM on the later of the date of completion of the acquisition of the remaining 30% interest in Great Wonders or the date of the grant by the Macau Government of a long term lease in respect of the land in Baixa, Taipa held by Great Wonders.

As referred to in the Acquisition Announcement, HK\$1,175 million in principal amount of Convertible Loan Notes due 2010 are proposed to be issued by the Company and subscribed by Great Respect following the acquisition by Melco Entertainment of the 49.2% interest of Great Respect in the joint venture established to apply to the Macau Government for the grant of development rights in respect of land in Cotai, Macau.

The table below shows the Shareholding of the Company:

- as at the date of this announcement
- immediately following completion of the Placing
- immediately following completion of the Subscription
- on issue of the consideration shares to be issued to STDM on completion of the acquisition of the remaining 30% of Great Wonders, as referred to above
- assuming conversion of the Convertible Loan Notes to be issued on completion of the agreement dated 11th May, 2005 between Melco Entertainment, Great Respect and the Company relating to the acquisition by Melco Entertainment of the 49.2% interest of Great Respect in the joint venture established to apply to the Macau Government for the grant of development rights in respect of land in Cotai, Macau, as described in the Acquisition Announcement

- assuming full conversion of the HK\$100 million 5 year convertible bonds and the HK\$56 million 5 year convertible bonds held by STDM

	Issued Shares at the date of this announcement		Immediately following completion of the Placing		Immediately following completion of the Subscription		Upon issue of the 11,111,111 Shares agreed to be issued to STDM (as referred to in the Company's announcement dated 22 March 2005)		Upon Conversion of the Convertible Loan Notes (as referred to in the Acquisition Announcement) in full		Upon exercise in full of the convertible bonds held by STDM (as referred to in the Company's announcement dated 22 March 2005)	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Better Joy (Note b)	144,266,303	29.381	74,266,303	15.125	144,266,303	25.715	144,266,303	25.216	144,266,303	22.860	144,266,303	21.762
Mr. Lawrence Ho (Note c)	60,470,818	12.315	60,470,818	12.315	60,470,818	10.779	60,470,818	10.569	60,470,818	9.582	60,470,818	9.122
Shun Tak Shipping Co. Ltd. (Note d)	39,083,147	7.960	39,083,147	7.960	39,083,147	6.966	39,083,147	6.831	39,083,147	6.193	39,083,147	5.896
Dr. Stanley Ho (Note e)	15,023,867	3.060	15,023,867	3.060	15,023,867	2.678	15,023,867	2.626	15,023,867	2.381	15,023,867	2.266
Madam Lucina Laam King Ying	222,287	0.045	222,287	0.045	222,287	0.040	222,287	0.039	222,287	0.035	222,287	0.034
Great Respect (Note f)	-	-	-	-	-	-	-	-	58,956,347	9.342	58,956,347	8.893
STDM	-	-	-	-	-	-	11,111,111	1.942	11,111,111	1.761	42,940,379	6.477
Aggregate interest of the Concert Party	259,066,422	52.761	189,066,422	38.505	259,066,422	46.178	270,177,533	47.223	329,133,880	52.154	360,963,148	54.451
Others (Public)	231,952,848	47.239	301,952,848	61.495	301,952,848	53.822	301,952,848	52.777	301,952,848	47.846	301,952,848	45.549
Total issued Shares	<u>491,019,270</u>	<u>100.00%</u>	<u>491,019,270</u>	<u>100.00</u>	<u>561,019,270</u>	<u>100.00</u>	<u>572,130,381</u>	<u>100.00</u>	<u>631,086,728</u>	<u>100.00</u>	<u>662,915,996</u>	<u>100.00</u>

Notes:

- Each column assumes the steps referred to in all previous columns have been completed.
- Better Joy is owned as to 77% by Mr. Lawrence Ho and as to 23% by Dr. Stanley Ho.
- Interest of Mr. Lawrence Ho includes his personal interest and the interest held through Lasting Legend, a company controlled and wholly owned by him.
- Interest of Shun Tak Shipping Co. Ltd. includes the interests held by it and its wholly owned subsidiaries.
- Interest of Dr. Stanley Ho includes his personal interests and interests held through three companies controlled and wholly owned by him, namely, Sharikat Investments Limited, Dareset Limited and Lanceford Company Limited.
- Great Respect is a company controlled by a discretionary family trust of Dr. Stanley Ho. Discretionary beneficiaries of the trust are members of Dr. Stanley Ho's family including Dr. Stanley Ho, Mr. Lawrence Ho and Madam Lucina Laam King Ying.

The Directors have considered other fund raising methods, but have concluded that, given the interests of investors and current market conditions, the Placing and Subscription is the most appropriate method to raise funds for the purpose described in section B above under the heading "Use of Proceeds".

WHITEWASH WAIVER

As referred to in the Acquisition Announcement, HK\$1,175 million in principal amount of Convertible Loan Notes due 2010 are proposed to be issued by the Company and subscribed by Great Respect following the acquisition by Melco Entertainment of the 49.2% interest of Great Respect in the joint venture established to apply to the Macau Government for the grant of development rights in respect of land in Cotai, Macau. Based on the Company's issued Share capital immediately following the completion of the Placing and the Subscription and the issue of 11,111,111 Shares to STDM (as referred to in the Company's announcement dated 22nd March, 2005), if the conversion rights conferred by the Convertible Loan Notes were exercised in full, the Concert Party's Shareholding in the Company would increase by approximately 4.934%, from approximately 47.22% to approximately 52.154%. Accordingly, conversion of the Convertible Loan Notes in full would result in the Concert Party's Shareholding increasing by more than the 2% increase from the lowest percentage Shareholding in the immediately preceding 12 month period, which is permitted by the "creeper" provisions of Rule 26 of the Takeovers Code without requiring a general offer to be made to all Shareholders. However, an application will be made by Great Respect to the SFC for the Whitewash Waiver, being

a waiver by the Executive of the obligations of Great Respect and the Concert Party to make a mandatory general offer to acquire the entire issued Share capital of the Company not otherwise owned by the Concert Party as a result of the exercise in full of the Convertible Loan Notes.

Shareholders are advised to note that, following the completion of the Placing and the Subscription and the issue of 11,111,111 new Shares to STDM, if the Whitewash Waiver is granted, the exercise in full of the conversion rights conferred by the Convertible Loan Notes will result in the Concert Party's Shareholding increasing to more than 52% of the voting rights of the Company. As a result, the Concert Party may thereafter increase its aggregate shareholding in the Company without incurring any further obligation under Rule 26 of the Takeovers Code to make a general offer.

On 11th April, 2005, Better Joy exercised conversion rights under certain convertible notes issued to it by the Company as consideration for the acquisition of Mocha Slot. This exercise of conversion rights resulted in 19,565,216 Shares being issued to Better Joy by the Company. On 14th April, 2005, Mr. Lawrence Ho exercised options issued to him under the Company's employee share option scheme, to subscribe for a total of 900,000 Shares. Other than as disclosed in this paragraph, no member of the Concert Party has acquired any Shares in the 6 months prior to the date of this announcement and the Company has not repurchased any Shares during that period.

D. GENERAL

Dealing in the Shares on the Stock Exchange was suspended at the request of the Company from 9:30 a.m. on 11th May, 2005 pending the issue of the Acquisition Announcement and this announcement. Application has been made by the Company for the resumption of dealing in the Shares on the Stock Exchange with effect from 9:30 a.m. on 18th May, 2005.

E. DEFINITIONS

The following defined terms are used in this announcement:

“Acquisition Announcement”	the Company's announcement dated 13th May, 2005 relating to the “Proposed Acquisition of Additional Land in Macau for Development as an Integrated Entertainment Resort”
“associates”	has the meaning ascribed thereto in the Listing Rules
“Better Joy”	Better Joy Overseas Ltd., a company owned as to 77% by Mr. Lawrence Ho and as to 23% by Dr. Stanley Ho
“Company”	Melco International Development Limited
“Concert Party”	the concert party consisting of Dr. Stanley Ho, Madam Lucina Laam King Ying, Mr. Lawrence Ho, Lasting Legend, Better Joy, STDM and Great Respect
“Convertible Loan Notes”	HK\$1,175 million in principal amount of Convertible Loan Notes due 2010 to be issued by the Company and subscribed by Great Respect under an agreement dated 11th May, 2005 between Melco Entertainment, Great Respect and the Company relating to the acquisition by Melco Entertainment of the 49.2% interest of Great Respect in the joint venture established to apply to the Macau Government for the grant of development rights in respect of land in Cotai, Macau, as described in the Acquisition Announcement. The Convertible Loan Notes confer the right to subscribe for new Shares at an initial conversion price of HK\$19.93 per Share, subject to adjustment in accordance with the terms and conditions of the Convertible Loan Notes
“Directors”	the directors of the Company
“Great Respect”	Great Respect Limited, a company incorporated in the British Virgin Islands which is controlled by a discretionary family trust of Dr. Stanley Ho
“Great Wonders”	Great Wonders, Investments, Limited, which is currently a 70% owned subsidiary of Melco Entertainment and which would become a wholly owned subsidiary of Melco Entertainment on completion of the proposed acquisition by Melco Entertainment of the remaining 30% interest in Great Wonders held by STDM, announced by the Company on 22nd March 2005
“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
“Last Dealing Date”	10th May, 2005, being the last day on which the Shares could be traded on the Stock Exchange prior to the suspension of dealings in the Shares pending the issue of the Acquisition Announcement and this announcement
“Lasting Legend”	Lasting Legend Limited, a company wholly owned by Mr. Lawrence Ho
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Melco Entertainment”	Melco Entertainment Limited, an 80% owned subsidiary of Melco PBL Holdings established under the laws of the Cayman Islands to engage in the business of gaming, entertainment and hospitality in the Greater China Region
“Melco Hotels”	Melco Hotels and Resorts (Macau) Limited, a wholly-owned subsidiary of Melco Leisure and Entertainment Group Limited (itself a wholly owned subsidiary of the Company) established under the laws of Macau, the only material asset of which is the offer received from the Macau Government to grant a long term lease in respect of a parcel of land with an area of 113,325 sq. meters located at Taipa, Macau, on the Cotai Strip and the only business of which is to hold and develop that parcel of land if a long term lease is ultimately granted
“Melco PBL Holdings”	Melco PBL Holdings Limited, a 50/50 joint venture established between the Company and Publishing and Broadcasting Limited (a company established under the laws of Australia and having its shares listed on the Australian Stock Exchange) under the laws of the Cayman Islands to engage in the businesses of gaming, entertainment and hospitality in the Asia Pacific and Greater China regions
“Mocha Slot”	Mocha Slot Group Limited, an 80% subsidiary of Melco Entertainment, established under the laws of the British Virgin Islands engaged in the business of leasing gaming machines and provision of ancillary management services to lessees of its gaming machines in Macau
“Placing”	the placing of the Placing Shares pursuant to the Placing and Subscription Agreement
“Placing Agent”	Credit Suisse First Boston (Hong Kong) Limited, an Independent Third Party
“Placing and Subscription Agreement”	the placing and subscription agreement between the Vendor, the Company and the Placing Agent dated 17th May, 2005
“Placing Shares”	the 70,000,000 Shares to be placed by the Placing Agent pursuant to the Placing and Subscription Agreement
“Shares”	ordinary shares of HK\$1.00 each in the capital of the Company or the number of shares resulting from the proposed sub-division of such ordinary shares, as the context may require
“STDM”	Sociedade de Turismo e Diversoes de Macau, S.A.R.L. a company established under the laws of Macau, more than 30% of the shares of which are owned by Dr. Stanley Ho and his associates
“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 70,000,000 Shares to be subscribed for by the Vendor pursuant to the Placing and Subscription Agreement
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

“Vendor”

Better Joy Overseas Ltd., a company owned as to 77% by Mr. Lawrence Ho and as to 23% by Dr. Stanley Ho.

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

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

Hong Kong, 17th May, 2005

All the directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

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