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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

The Vendor, which presently holds approximately 24.86% of the issued Shares of the Company, and which is a member of the Concert Party (which currently holds an aggregate 542,155,066 Shares representing approximately 46.72% of the issued Shares of the Company), has agreed to place, through the Placing Agent, 63,600,000 Shares to independent investors at a price of HK\$19.10 per Share, being an aggregate amount of HK\$1,214,760,000. Following completion of the Placing, the Vendor will subscribe for 63,600,000 new Shares, for an aggregate subscription price of HK\$19.10, less the amount of the commissions and expenses incurred by the Vendor in relation to the Placing and the Subscription.

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 5.48% of the existing issued share capital of the Company of 1,160,401,374 Shares and approximately 5.20% of the Company's issued share capital as enlarged by the Subscription of 63,600,000 new Shares. The net proceeds from the Subscription of approximately HK\$1,176,154,800 will be applied, for the most part, towards financing the Company's portion of Melco PBL Holdings' recently announced third property acquisition and, as to the balance, towards debt repayment and/or for general working capital purposes.

The Vendor's interest in the Company of approximately 24.86% as at the date of this announcement will be reduced to approximately 19.38% immediately upon completion of the Placing and will then be increased to approximately 23.57% 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 46.72% as at the date of this announcement will be reduced to approximately 41.24% immediately upon completion of the Placing and will then be increased to approximately 44.29% 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. Since completion of the Subscription would result in the Concert Party subscribing Shares in excess of the 2% "creeper" provided for under Rule 26 of the Takeovers Code, the Subscription is conditional on, among other things, a waiver having been granted to the Vendor from any obligation on the part of it or any member of the Concert Party to make a general offer under Rule 26 of the Takeovers Code. An application will be made to the SFC for the abovementioned waiver.

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 9:33 a.m. on 30 May, 2006 pending the issue of 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 1 June, 2006.

The Directors are pleased to announce the signing of the Placing and Subscription Agreement on 30 May, 2006 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 63,600,000 EXISTING SHARES CURRENTLY HELD BY THE VENDOR AT A PLACING PRICE OF HK\$19.10 PER SHARE

<b>Vendor:</b>	Better Joy.
<b>Number of Placing Shares:</b>	63,600,000 Shares to be placed, representing approximately 5.48% of the existing issued share capital of the Company of 1,160,401,374 Shares and approximately 5.20% of the issued share capital of the Company as enlarged by the issue of 63,600,000 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.
<b>Placing price:</b>	HK\$19.10 per Placing Share. This price was agreed after arm's length negotiations and represents (i) a discount of approximately 5.91% to the closing price of HK\$20.30 per Share as quoted on the Stock Exchange on the Last Dealing Date; and (ii) a premium of approximately 1.11% to the average closing price of approximately HK\$18.89 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\$38,605,200, resulting in aggregate net proceeds of the Placing of approximately HK\$1,176,154,800 or a net price of approximately HK\$18.49 per Placing Share.

The Directors consider that the placing price of HK\$19.10 per Placing Share is fair and reasonable in the circumstances.

- Placing Agent:** Credit Suisse (Hong Kong) Limited, which is an Independent Third Party.
- 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, which is unconditional, is subject to termination on the occurrence of certain events prior to completion of the Placing, including:
- (a) 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.
- 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 2 June, 2006.

## **B. SUBSCRIPTION OF 63,600,000 NEW SHARES BY THE VENDOR**

- Subscriber:** The Vendor.
- Number of Subscription Shares:** The Company will issue 63,600,000 new Shares to the Vendor representing approximately 5.48% of the existing issued Share capital of the Company and approximately 5.20% 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\$1,214,760,000 (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\$38,605,200. This represents a net Subscription price per Subscription Share of approximately HK\$18.49. 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 annual general meeting held on 17 May, 2006. 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.
- Reason for and use of Proceeds:** The principal reason for the Placing and Subscription is to enable the Company to raise sums needed to fund the Company's commitment in relation to a recently announced property acquisition. The net proceeds from the Subscription of approximately HK\$1,176,154,800, will be applied as to approximately HK\$750 million towards financing the Company's portion of Melco PBL Holdings' third property acquisition, being a property on the Macau Peninsula, as announced on 17 May, 2006 and as to the balance towards debt repayment and/or for general working capital purposes.
- Conditions:** The Subscription is conditional upon:
- (a) completion of the Placing;
  - (b) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Subscription Shares; and
  - (c) a waiver having been granted to the Vendor from any obligation on the part of it or any other member of the Concert Party to make a general offer under Rule 26 of the Takeovers Code as a result of completing the Subscription.

Application will be made to the Stock Exchange to grant the listing of and permission to deal in the Subscription Shares and application will be made to the SFC for the abovementioned waiver. If any of the conditions are not fulfilled, 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 13 June, 2006 (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\$1,214,760,000 and the market value of the Subscription Shares, at the closing price as quoted by the Stock Exchange on the Last Dealing Date is HK\$1,291,080,000.

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 of 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 below. The existing issued share capital of the Company comprises 1,160,401,374 Shares. A concert party comprising Mr. Lawrence Ho, Lasting Legend, Better Joy, Great Respect, Dr. Stanley Ho, Madam Lucina Laam King Ying, Shun Tak Shipping Company, Limited and STDM holds, in aggregate, 542,155,066 Shares, representing approximately 46.72% of the Shares in issue. The balance of 618,246,308 Shares, representing approximately 53.28% of the Company, 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. Lasting Legend and Better Joy are both companies controlled by Mr. Lawrence Ho. Great Respect is a company controlled by a discretionary family trust, the beneficiaries of which include Dr. Stanley Ho, Madam Lucina Laam King Ying, Mr. Lawrence Ho and members of the Ho family. Shun Tak Shipping Company, Limited and STDM are companies controlled by Dr. Stanley Ho. As such, these parties are treated as parties acting in concert for the purposes of the Takeovers Code.

The table below shows the shareholdings in the Company:

- as at the date of this announcement;
- immediately following completion of the Placing;
- immediately following completion of the Subscription;
- assuming full conversion of the convertible loan notes issued on 5 September, 2005 pursuant to completion of the agreement dated 11 May, 2005 between Melco PBL Entertainment (Greater China) Limited (formerly "Melco Entertainment Limited"), Great Respect and the Company relating to the acquisition by Melco PBL Entertainment (Greater China) Limited 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 referred to in the announcement of the Company dated 13 May, 2005 (the "Great Respect convertible loan notes"). The shareholders of the Company approved the issue of the Great Respect convertible loan notes on the basis that there would be no necessity to make an offer under Rule 26 of the Takeovers Code on conversion of the Great Respect convertible loan notes; and

- assuming full conversion of the HK\$100 million 5 year convertible loan notes and the HK\$56 million 5 year convertible loan notes, each held by STDM, as referred to in the announcements of the Company dated 13 September, 2004 and 23 November, 2004 respectively (the “STDM convertible loan notes”).

	Issued Shares at the date of this announcement		Immediately following completion of the Placing		Immediately following completion of the Subscription		Upon conversion of the Great Respect convertible loan notes in full		Upon conversion of the STDM convertible loan notes in full	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Better Joy ( <i>Note b</i> )	288,532,606	24.86	224,932,606	19.38	288,532,606	23.57	288,532,606	21.50	288,532,606	20.53
Mr. Lawrence Ho ( <i>Note c</i> )	122,741,636	10.57	122,741,636	10.57	122,741,636	10.03	122,741,636	9.15	122,741,636	8.73
Shun Tak Shipping Co., Ltd. ( <i>Note d</i> )	78,166,294	6.74	78,166,294	6.74	78,166,294	6.39	78,166,294	5.82	78,166,294	5.56
Dr. Stanley Ho ( <i>Note e</i> )	30,047,734	2.59	30,047,734	2.59	30,047,734	2.45	30,047,734	2.24	30,047,734	2.14
Madam Lucina Laam King Ying	444,574	0.04	444,574	0.04	444,574	0.04	444,574	0.03	444,574	0.03
Great Respect ( <i>Note f</i> )	0	0	0	0	0	0	117,912,694	8.79	117,912,694	8.39
STDM	22,222,222	1.92	22,222,222	1.92	22,222,222	1.82	22,222,222	1.66	85,880,758	6.11
<b>Aggregate interest of the Concert Party</b>	<b>542,155,066</b>	<b>46.72</b>	<b>478,555,066</b>	<b>41.24</b>	<b>542,155,066</b>	<b>44.29</b>	<b>660,067,760</b>	<b>49.19</b>	<b>723,726,296</b>	<b>51.49</b>
<b>Others (Public)</b>	<b>618,246,308</b>	<b>53.28</b>	<b>681,846,308</b>	<b>58.76</b>	<b>681,846,308</b>	<b>55.71</b>	<b>681,846,308</b>	<b>50.81</b>	<b>681,846,308</b>	<b>48.51</b>
<b>Total issued Shares</b>	<b>1,160,401,374</b>	<b>100.00</b>	<b>1,160,401,374</b>	<b>100.00</b>	<b>1,224,001,374</b>	<b>100.00</b>	<b>1,341,914,068</b>	<b>100.00</b>	<b>1,405,572,604</b>	<b>100.00</b>

*Notes:*

- Each column assumes the steps referred to in all previous columns have been completed.
- Better Joy is owned as to 65% 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 Company, Limited 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. Discretionary beneficiaries of the trust include Dr. Stanley Ho, Madam Lucina Laam King Ying, Mr. Lawrence Ho and members of the Ho family.

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”.

#### D. GENERAL

Dealing in the Shares on the Stock Exchange was suspended at the request of the Company from 9:33 a.m. on 30 May, 2006 pending the issue of 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 1 June, 2006.

#### E. DEFINITIONS

The following defined terms are used in this announcement:

“associates”	has the meaning ascribed thereto in the Listing Rules
“Better Joy” or the “Vendor”	Better Joy Overseas Ltd., a company owned as to 65% by Mr. Lawrence Ho and as to 23% by Dr. Stanley Ho
“Company”	Melco International Development Limited
“Concert Party”	the concert party comprising Mr. Lawrence Ho, Lasting Legend, Better Joy, Great Respect, Dr. Stanley Ho, Madam Lucina Laam King Ying, Shun Tak Shipping Company, Limited and STDM
“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. Discretionary beneficiaries of the trust include Dr. Stanley Ho, Madam Lucina Laam King Ying, Mr. Lawrence Ho and members of the Ho family
“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”	29 May, 2006, 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 this announcement
“Lasting Legend”	Lasting Legend Ltd., 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 PBL Holdings”	Melco PBL Holdings Limited, a company incorporated under the laws of the Caymans Islands, being a joint venture company indirectly held as to 50% each by the Company and PBL and established to undertake agreed gaming, entertainment and hospitality businesses
“PBL”	Publishing and Broadcasting Limited, a company incorporated under the laws of Australia
“Placing”	the placing of the Placing Shares pursuant to the Placing and Subscription Agreement
“Placing Agent”	Credit Suisse (Hong Kong) Limited, an Independent Third Party
“Placing and Subscription Agreement”	the placing, underwriting and subscription agreement between the Vendor, the Company and the Placing Agent dated 30 May, 2006
“Placing Shares”	the 63,600,000 Shares to be placed by the Placing Agent pursuant to the Placing and Subscription Agreement
“SFC”	Securities and Futures Commission
“Shares”	ordinary shares of HK\$0.50 each in the capital of the Company
“STDM”	Sociedade de Turismo e Diversões de Macau, S.A. 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 63,600,000 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

As at the date of this announcement, the three executive directors of the Company are Mr. Ho, Lawrence Yau Lung (Chairman and Chief Executive Officer), Mr. Tsui Che Yin, Frank and Mr. Chung Yuk Man, Clarence; the one non-executive director is Mr. Ng Ching Wo; and the two independent non-executive directors are Sir Roger Lobo and Dr. Lo Ka Shui.

By order of the Board of  
**Melco International Development Limited**  
**Ho, Lawrence Yau Lung**  
*Chairman & Chief Executive Officer*

Hong Kong, 30 May, 2006

*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 South China Morning Post - Classified.