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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-group.com>

(Stock Code: 200)

**DISCLOSEABLE TRANSACTION AND ANNOUNCEMENT UNDER RULE  
13.16 OF THE LISTING RULES**

**UNDERTAKING TO PROVIDE CONTINGENT CONTRIBUTION OF UP TO  
A MAXIMUM AMOUNT OF US\$125,000,000 IN CONNECTION WITH  
A US\$1,750,000,000 SENIOR TERM LOAN AND  
REVOLVING CREDIT FACILITIES AGREEMENT ENTERED INTO  
BY MELCO PBL GAMING (MACAU) LIMITED**

The Company is pleased to announce that Melco PBL Gaming, a subsidiary of MPEL, has entered into a Senior Facilities Agreement for the provision of loan facilities in an aggregate amount of US\$1,750,000,000 for the purpose of financing the construction and development of the City of Dreams integrated casino and entertainment resort.

In connection with the Senior Facilities Agreement and the City of Dreams financing, the Company has given an undertaking to ensure that a contingent contribution of up to a maximum amount of US\$125,000,000 (equivalent to approximately HK\$975,000,000) will be provided, upon the request of the facility agent acting on behalf of the lenders under the Senior Facilities Agreement, for paying contingencies (if any) associated with the construction of the City of Dreams in the absence of other available funding for completion of the project. In this respect, the Company has undertaken to maintain a standby letter of credit to support that contingent obligation. The other major shareholder of MPEL, PBL, has given an equivalent undertaking to the facility agent in connection with the Senior Facilities Agreement.

The undertaking to provide contingent contribution is a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is also announceable under Rule 13.16 of the Listing Rules. A circular containing further details of the undertaking will be dispatched to shareholders as soon as practicable.

## THE FINANCING OF THE CITY OF DREAMS CONSTRUCTION

Melco International Development Limited (the “**Company**”) is pleased to announce that on 5 September, 2007, Melco PBL Gaming (Macau) Limited (“**Melco PBL Gaming**”), an associated company of the Company as borrower entered into a Senior Facilities Agreement (the “**SFA**”) with Australia and New Zealand Banking Group Limited, Banc of America Securities Asia Limited, Barclays Capital, Citigroup Global Markets Asia Limited, Deutsche Bank AG and UBS AG Hong Kong Branch as coordinating lead arrangers, Deutsche Bank AG as facility agent (the “**Facility Agent**”) and DB Trustee (Hong Kong) Limited as security agent, for the provision of loan facilities in an aggregate amount of US\$1,750,000,000 (the “**Facilities**”) for the purpose of financing the construction and development of the City of Dreams integrated casino and entertainment resort (“**City of Dreams**”).

The Facilities comprise a term loan facility of US\$1,500,000,000 (“**Term Loan Facility**”) and a revolving credit facility of US\$250,000,000 (“**Revolving Credit Facility**”). The proceeds of the Term Loan Facility are to be used for the purpose of financing the construction and development of the City of Dreams while the Revolving Credit Facility will be available for meeting contingencies (if any) associated with the City of Dreams project together with general working capital requirements for the borrowing group.

## UNDERTAKING FOR CONTINGENT CONTRIBUTION

In connection with the SFA and the City of Dreams financing, the Company has given an undertaking (the “**Contingent Contribution Undertaking**”) to ensure that a contingent contribution of up to a maximum aggregate amount of US\$125,000,000 (equivalent to approximately HK\$975,000,000) will be provided for paying contingencies (if any) associated with the construction of the City of Dreams in the absence of other available funding for completion of the project. In order to meet the obligations under the Contingent Contribution Undertaking, the Company will maintain a standby letter of credit for the amount of US\$125,000,000, until the date of final completion of the City of Dreams. The other major shareholder of Melco PBL Entertainment (Macau) Limited (“**MPEL**”), Publishing & Broadcasting Limited (“**PBL**”), has given a similar undertaking for the same contingent contribution amount to the Facility Agent who can only request the contingent contributions from both the Company and PBL at the same time and not from only one of them in portion to their respective shareholdings.

The contingent contributions to be made by the Company under the Contingent Contribution Undertaking (if required by the Facility Agent) constitutes the provision of financial assistance for the benefit of MPEL, an associated company of the Company, for the purposes of Chapters 13 and 14 of the Listing Rules. Accordingly, the Contingent Contribution Undertaking is a discloseable transaction for the Company under Chapter 14 of Rules Governing the Listing of Securities on The Stock Exchange Hong Kong Limited (the “**Listing Rules**”) and, since the maximum amount of the contingent contribution when aggregated with existing advances made to MPEL exceeds 8% of the total consolidated assets of the Company, the Contingent Contribution Undertaking is also discloseable under Rule 13.16 of the Listing Rules as financial assistance given to an affiliated company of the Company.

The salient terms of the contingent contribution are set out below:

- (a) the maximum amount of the contingent contribution committed to be given is US\$125,000,000 (equivalent to approximately HK\$975,000,000);

- (b) currently, it is anticipated that, if required, the contingent contribution would be provided by way of shareholders' loans which are subordinated to amounts outstanding under the SFA in terms of repayment and payment of interest. The detailed terms will be determined at the time the contingent contribution is required to be contributed and a further announcement will be made at that time to comply with Rule 13.16 of the Listing Rules;
- (c) the source of funding for the contingent contribution, if made, would be from the Company's internal resources; and
- (d) other than the Contingent Contribution Undertaking, the Company does not guarantee any banking facilities utilised or to be utilised by MPEL or any of its subsidiaries.

The existing outstanding amount from MPEL to the Company is HK\$578,577,752 and is outstanding on the following terms:

- (a) bear interest on a daily basis at Hong Kong Interbank Offered Rate (HIBOR) over a period of 3 months payable in arrears on the last day of each interest period; and
- (b) repayable on 15 May 2009.

#### **REASONS FOR THE TRANSACTION**

The Contingent Contribution Undertaking is required as part of the overall financing arrangements in connection with the construction and development of the City of Dreams. The Company has an approximately 41.39% interest in MPEL. Accordingly, the directors of the Company believe that the provision of the Contingent Contribution Undertaking is fair and reasonable and in the best interests of the Company and its shareholders as a whole.

#### **INFORMATION ON MELCO PBL GAMING**

Melco PBL Gaming is an operator of casino gaming and entertainment resort facilities in Macau and, through its subsidiaries, a developer and owner of such facilities. Melco PBL Gaming is one of only six concessionaires/sub-concessionaires authorised by the Macau government to operate casinos in Macau and is the exclusive vehicle of the Company and its joint venture partner, PBL, to carry on casino, gaming machine and casino hotel operations in Macau.

Melco PBL Gaming's flagship properties in Macau are the Crown Macau Hotel Casino, which was developed to offer a luxurious premium hotel and casino resort experience with the aim of exceeding the average five star hotel in Macau, and the integrated City of Dreams casino and entertainment resort on the Cotai Strip. The Crown Macau opened on 12 May 2007 whilst the City of Dreams is currently under development and the first phase of which comprising two hotels (the Hard Rock Hotel and Crown Towers Hotel, Cotai) together with a casino with approximately 450 gaming tables and 2,500 gaming machines and approximately 85,000 square feet of retail space, is targeted to open in 2009. Melco PBL Gaming's existing business includes the Mocha Clubs, which feature a total of approximately 1,000 gaming machines in six locations in Macau. Melco PBL Gaming has entered into an agreement, subject to certain conditions, to acquire a third development site on the Macau Peninsula.

Melco PBL Gaming is a subsidiary of MPEL, a company in which the Company and PBL currently each indirectly owns approximately 41.39% of its shares, with the remaining 17.22% of MPEL's shares held in the form of American Depositary Shares which are listed on The NASDAQ Stock Market's Global Market in the United States. MPEL and its subsidiaries including Melco PBL Gaming are accounted for as associated companies using the equity accounting method in the consolidated financial statements of the Company.

## **INFORMATION ON THE COMPANY**

The Company is one of the companies with the longest history in Hong Kong. Founded in 1910, the Company was among the first one hundred companies established in the city and was listed on the Hong Kong Stock Exchange in 1927. Today, the Company is a dynamic new generation Asian conglomerate that leads in the leisure and entertainment industries in Asia. The Company is a constituent of the MSCI Hong Kong Index, part of the MSCI Standard Index Series and was awarded Asia's Best Managed Companies 2007 Award issued by FinanceAsia.

Currently, the Company engages in four main business streams, namely, (i) leisure, gaming and entertainment; (ii) technology; (iii) investment banking and financial services; and (iv) property and other investments.

## **GENERAL**

MPEL and Melco PBL Gaming are both associated companies of the Company, as described above. To the best of the knowledge, information and belief of the directors of the Company and having made all reasonable enquiries, the Facility Agent and the Lenders, and their respective ultimate beneficial owners, are third parties independent of each of the Company and its connected persons (as defined under the Listing Rules).

## **LISTING RULES IMPLICATIONS**

The Contingent Contribution Undertaking is a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is also announceable under Rule 13.16 of the Listing Rules. A circular containing further details of the Contingent Contribution Undertaking to provide contingent equity will be despatched to shareholders as soon as practicable.

By order of the Board of  
**Melco International Development Limited**  
**Tsang Yuen Wai, Samuel**  
*Company Secretary*

Hong Kong, 6 September 2007

*As at the date of this announcement, the Board comprises three Executive Directors; namely, Mr. Ho, Lawrence Yau Lung (Chairman and Chief Executive Officer), Mr. Tsui Che Yin, Frank and Mr. Chung Yuk Man, Clarence (Chief Operating Officer); one Non-executive Director, namely Mr. Ng Ching Wo; and three Independent Non-executive Directors, namely Sir Roger Lobo, Dr. Lo Ka Shui and Mr. Sham Sui Leung, Daniel.*