

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Melco International Development Limited

(Incorporated in Hong Kong with limited liability)

Website : <http://www.melco-group.com>

(Stock Code : 200)

ANNOUNCEMENT

PAYMENT OF SPECIAL DIVIDEND AND GRANT OF SHARE OPTIONS

On 26 November 2010, the Board declared a special cash dividend of HK1.5 cents per Share, which will be payable on or before Wednesday, 5 January 2011 to the Shareholders whose names appear on the Register of Members of the Company on 23 December 2010.

On the same day, the Board also resolved to grant a total of 51,600,000 share options to the Directors of the Company and a total of 24,558,000 share options to certain executives, management staff, employees and consultants of the Group. Of the 51,600,000 share options granted to Directors, 38,000,000 share options are granted to Mr. Lawrence Ho, Chairman and Chief Executive Officer and a substantial Shareholder of the Company. All of the options granted aforesaid are conditional on Independent Shareholders' approval of the Options granted to Mr. Lawrence Ho being obtained at an extraordinary general meeting of the Company to be convened.

A circular containing, among other things, further details and terms of the grant of the Options and the information required by the Listing Rules, together with a notice of extraordinary general meeting, will be despatched to the Shareholders on or around 10 December 2010.

A. PAYMENT OF SPECIAL DIVIDEND

To celebrate the Company's 100th anniversary, the Board today declared a special cash dividend of HK1.5 cents per Share, which will be payable on or before Wednesday, 5 January

2011 to the Shareholders whose names appear on the Register of Members of the Company on 23 December 2010.

For the purpose of determining entitlements to the special dividend, the Register of Members of the Company will be closed from Monday, 20 December 2010 to Thursday, 23 December 2010, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the special dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Standard Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 17 December 2010.

B. GRANT OF SHARE OPTIONS

This is made pursuant to Rule 17.06A of the Listing Rules.

Total number and basis of share options granted

On 26 November 2010, the Board resolved to grant a total of 51,600,000 share options to the Directors of the Company and a total of 24,558,000 share options to certain executives, management staff, employees and consultants of the Group. Of the 51,600,000 share options granted to Directors, 38,000,000 share options are granted to Mr. Lawrence Ho, Chairman and Chief Executive Officer and a substantial Shareholder of the Company. All of the options granted aforesaid are conditional on Independent Shareholders' approval of the Options granted to Mr. Lawrence Ho being obtained at an extraordinary general meeting of the Company to be convened.

Grant of share options to Directors (other than Mr. Lawrence Ho), executives, management staff, employees and consultants of the Group

On 26 November 2010, the Board resolved to grant a total of 38,158,000 share options to subscribe for up to a total of 38,158,000 Shares to the Directors (other than Mr. Lawrence Ho --- details of grant of Options to him are set out in the section headed "Grant of Options to Mr. Lawrence Ho" below) and certain executives, management staff, employees and consultants of the Group (collectively, the "**Grantees**"), subject to acceptance of the Grantees, under the Share Option Scheme. A summary of the grant is set out below:-

- Date of grant** : 26 November 2010
- Exercise price of the share options** : HK\$4.58 per Share, which represents the highest of (i) the closing price of HK\$4.51 per Share as stated in the daily quotations sheet of the Stock Exchange on 26 November 2010, being the date of grant; (ii) the average closing price of HK\$4.58 per Share as stated in the daily quotations sheet of the Stock Exchange for the five business days immediately preceding 26 November 2010; and (iii) HK\$0.50, being the nominal value of the Share.
- Number of share options granted** : 38,158,000
- Validity period of the share options** : Ten years, from 26 November 2010 to 25 November 2020
- Vesting date of the share options** : (i) 25% of the options granted may be exercised on or after 26 November 2010;
- (ii) another 25% of the options granted may be exercised on or after 26 November 2011;
- (iii) a further 25% of the options granted may be exercised on or after 26 November 2012;
- (iv) the remaining 25% of the options granted may be exercised on or after 26 November 2013,
- and in each case, not later than 25 November 2020.
- Consideration on acceptance of the share options** : HK\$1.00 to be paid by each Grantee upon acceptance of the grant

Among the share options granted above, 13,600,000 share options are granted to the Directors (other than Mr. Lawrence Ho), with details as follows:-

<u>Name of Director</u>	<u>Position held with the Company</u>	<u>Number of options granted</u>
Mr. Tsui Che Yin, Frank	Executive Director	5,600,000
Mr. Chung Yuk Man	Executive Director	5,600,000
Mr. Ng Ching Wo	Non-executive Director	600,000
Sir Roger Lobo	Independent Non-executive Director	600,000

Mr. Sham Sui Leung, Daniel	Independent Non-executive Director	600,000
Dr. Tyen Kan Hee, Anthony	Independent Non-executive Director	600,000

Grant of Options to Mr. Lawrence Ho

On 26 November 2010, the Board resolved to grant the Options to subscribe for up to a total of 38,000,000 Shares to Mr. Lawrence Ho, the Chairman and Chief Executive Officer, an Executive Director and a substantial Shareholder of the Company, subject to acceptance of Mr. Lawrence Ho, under the Share Option Scheme. A summary of the grant to Mr. Ho is set out below:-

Date of grant	:	26 November 2010
Exercise price of the Options	:	HK\$4.58 per Share, which represents the highest of (i) the closing price of HK\$4.51 per Share as stated in the daily quotations sheet of the Stock Exchange on 26 November 2010, being the date of grant; (ii) the average closing price of HK\$4.58 per Share as stated in the daily quotations sheet of the Stock Exchange for the five business days immediately preceding 26 November 2010; and (iii) HK\$0.50, being the nominal value of the Share.
Number of Options granted	:	38,000,000
Validity period of the Options	:	Ten years, from 26 November 2010 to 25 November 2020
Vesting date of the Options	:	(i) 50% of the options granted may be exercised on or after 26 November 2010; (ii) a further 25% of the options granted may be exercised on or after 26 November 2011; (iii) the remaining 25% of the options granted may be exercised on or after 26 November 2012, and in each case, not later than 25 November 2020.
Consideration on acceptance of the Options	:	HK\$1.00 to be paid by Mr. Lawrence Ho upon acceptance of the grant

Pursuant to Rule 17.04(1) of the Listing Rules, where any grant of options to a substantial shareholder and/or his associates would result in the shares issued and to be issued upon exercise of all options granted and to be granted (including options exercised, cancelled and outstanding) to the substantial shareholder and/or his associates in the 12-month period up to and including the date of such grant (i) exceeding 0.1% of the shares in issue and (ii) having an aggregate value, based on the closing price of the shares on the date of grant, in excess of HK\$5 million, the grant of options to the substantial shareholder and/or his associates must be approved by shareholders of the company at a general meeting at which all connected persons of the company shall abstain from voting.

Pursuant to Rule 17.03(4) of the Listing Rules, where a grant of options to a grantee will result in the shares issued and to be issued upon exercise of all options granted and to be granted to him (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of grant exceeding 1% of the shares in issue, the grant of options to the grantee must be approved by shareholders of the company at a general meeting at which the grantee and his associates shall abstain from voting.

The grant of the Options to Mr. Lawrence Ho falls within the ambits of Rule 17.04(1) and Rule 17.03(4) of the Listing Rules and is therefore subject to the Independent Shareholders' approval. In accordance with Rule 17.04(1) of the Listing Rules, the grant of the Options to Mr. Lawrence Ho has been approved by all Independent Non-executive Directors of the Company on 26 November 2010.

The following table illustrates changes in shareholdings of Mr. Lawrence Ho and his associates and connected persons in the issued share capital of the Company upon exercise in full of the Options and the options currently held by him:

	As at the date of this announcement		Upon exercise of the Options in full		Upon exercise of the Options and the Existing Options in full	
	Number of Shares held	Approximate shareholding percentage	Number of Shares held	Approximate shareholding percentage	Number of Shares held	Approximate shareholding percentage
Mr. Lawrence Ho	8,087,112	0.66%	46,087,112	3.63%	48,873,632	3.76%
Better Joy Overseas Ltd. (Note 3)	288,532,606	23.45%	288,532,606	22.74%	288,532,606	22.21%
Lasting Legend Ltd. (Note 3)	115,509,024	9.39%	115,509,024	9.11%	115,509,024	8.89%

The L3G Capital Trust (Note 3)	7,294,000	0.59%	7,294,000	0.57%	7,294,000	0.56%
Directors (other than Mr. Lawrence Ho)	479,100	0.04%	479,100	0.04%	6,717,100	0.52%
Other option holders	-	-	-	-	21,413,404	1.65%
Public Shareholders	<u>810,673,602</u>	<u>65.87%</u>	<u>810,673,602</u>	<u>63.91%</u>	<u>810,673,602</u>	<u>62.41%</u>
	<u>1,230,575,444</u>	<u>100.00%</u>	<u>1,268,575,444</u>	<u>100.00%</u>	<u>1,299,013,368</u>	<u>100.00%</u>

Notes:

1. As at the date of this announcement, the total number of issued shares of the Company was 1,230,575,444.
2. On the date hereof, in addition to the Options, Mr. Lawrence Ho holds 2,786,520 share options of the Company.
3. 115,509,024 Shares are held by Lasting Legend Ltd., representing approximately 9.39% of the issued share capital of the Company, 288,532,606 Shares are held by Better Joy Overseas Ltd., representing approximately 23.45% of the issued share capital of the Company and 7,294,000 Shares are held by The L3G Capital Trust, representing approximately 0.59% of the issued share capital of the Company. Lasting Legend Ltd., Better Joy Overseas Ltd. and The L3G Capital Trust are owned by persons, companies and/or trusts associated with Mr. Lawrence Ho.

Reasons for the Grant of Share Options

2010 is the centenary year of the Company and is a significant milestone year in the Company's history

2010 is the centenary year of the Company. The Company has undergone significant transformation and development in its long history, and has developed from a company providing electricity to Macau residents to a substantial investor in a company owning and operating two upmarket casinos, four luxurious hotels, a spectacular purpose – built theatre and the grandeur City of Dreams Development. In the past 10 years alone, the value of the Company's assets has increased 18 times --- from HK\$0.37 billion to HK\$6.81 billion. The successful development of the Company's business is due to the business vision, acumen and leadership of the Company's Chairman and Chief Executive Officer, Mr. Lawrence Ho, supported by a dedicated team of senior and middle-level executives. To mark the occasion of the centenary year, the Company would like to grant share options to its management team to show its appreciation of their hard work and achievement.

The Company's main investment, Melco Crown Entertainment Limited, has completed the development stage and moves on to operational stage

With the opening of the “House of Dancing Water Theatre” in September this year, the Company’s main investment, Melco Crown Entertainment Limited (“MCE”), has completed the development stage and moves on to the operational stage. In the past few months, MCE has witnessed significant improvement in its business. In the first three quarters of 2010, for example, MCE has reported quarterly positive EBITDA of US\$86.9 million, US\$73.4 million and US\$136.3 million, respectively, and in the third quarter of 2010, MCE has generated a profit of US\$15.8 million. This is in sharp contrast with the financial results reported by MCE during the past two to three years. It is the Company’s view that MCE will consolidate and build upon these recent improvements in its business performance. If this happens, the Company should be on course of providing a stable and consistent return to its shareholders. The options proposed to be granted to the Company’s executives are designed to reward and retain key talents of the Company who have made significant contributions to the Company.

Financial support and sacrifice of the Company's Chairman and CEO in past years

In the past few years, when the Company went through the difficult period after the Asian Financial Crisis, the Company’s Chairman and CEO, Mr. Lawrence Ho, had lent financial support to the Company and made financial sacrifice for the Company. As one of the discretionary beneficiaries of the Convertible Loan Notes in the amount of HK\$1,175 million issued by the Company, Mr. Ho had caused the holder of the Notes to waive interest on these notes and to extend repayment date of this Company’s indebtedness. In addition, to support the cashflow position of the Company, Mr. Ho had, during the period from December 2007 to October 2009, personally lent an amount of HK\$250 million on an unsecured basis to the Company.

Not only had Mr. Ho given financial support to the Company, he had also agreed not to receive any salary from the Company from November 2008. To show his commitment and support to the Company, Mr. Ho has agreed with the Company that he will not receive any salary for his work until the Company has started to generate profits continuously for at least two years.

Pay cut of Senior Management Team in the past two years

All members of the Company’s Executive Committee and most of the heads of the Company’s functional departments voluntarily agreed to cut their salaries by 10 - 20% in 2008. Since then, their salaries have been frozen and no increase has been made in their salaries. Inspired by the generous gesture of its Chairman mentioned above, all of the Company’s Executive

Committee Members have agreed not to have any adjustment of their salaries until the Company has reported profits continuously for at least two years.

Grant of Options is in line with market practice and consultants' recommendations, and designed to provide incentive to the Company's executives

The Company has appointed three reputable consultants, namely, Mercer, Jones Lang LaSalle Sallmanns and Vigers Appraisal & Consulting Limited, to advise and make recommendations to the Company on the numbers of share options to be granted to Mr. Ho and the Company's executives. In formulating their advice and recommendations, each of the consultants has reviewed and analyzed what other listed companies in the Company's position have granted to their executives.

The grants of share options outlined above are in line with the consultants' recommendations and with what other comparable public companies are doing. The grants are designed to compensate the Company's executives, including the Company's Chairman and CEO, fairly and equitably in accordance with market rates and practice. They are also designed to provide incentive to the Company's Management to encourage them to work harder to increase shareholders' value and return. As such, they align shareholders' interest with the executives' interest.

General

In light of the reasons aforesaid, the Directors (including the Independent Non-executive Directors) consider that the grant of options to Mr. Lawrence Ho, the Directors, executives, management staff, employees and consultants of the Group is in the best interests of the Company and its shareholders. In view of the size of the options granted, the Board has resolved not to grant any share option under the Share Option Scheme to Directors, employees and consultants of the Group during a period of two years commencing from 26 November 2010.

A circular containing, among other things, further details and terms of the grant of the Options and the information required by the Listing Rules, together with a notice of extraordinary general meeting, will be despatched to the Shareholders on or around 10 December 2010.

DEFINITIONS

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

“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	board of Directors
“Company”	Melco International Development Limited, a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to this term under the Listing Rules
“Director(s)”	director(s) of the Company
“Existing Options”	the share options granted to eligible participants under the Share Option Scheme before 26 November 2010, which remain outstanding on the date of this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	Shareholders other than the connected persons of the Company, namely, Mr. Lawrence Ho and his associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lawrence Ho”	Mr. Ho, Lawrence Yau Lung, the Chairman and Chief Executive Officer, an Executive Director and a substantial Shareholder of the Company
“Share(s)”	ordinary share(s) of HK\$0.50 each in the capital of the Company

“Options”	38,000,000 share options conditionally granted to Mr. Lawrence Ho under the Share Option Scheme
“Share Option Scheme”	the share option scheme of the Company adopted on 8 March 2002 and amended on 8 June 2009
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 26 November 2010

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; one Non-executive Director, namely Mr. Ng Ching Wo; and three Independent Non-executive Directors, namely Sir Roger Lobo, Mr. Sham Sui Leung, Daniel and Dr. Tyen Kan Hee, Anthony.