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**MELCO INTERNATIONAL DEVELOPMENT LIMITED**

*(Incorporated in Hong Kong with limited liability)*

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

**(Stock Code: 200)**

**CONVERSION AND INTENDED CONVERSION  
OF CONVERTIBLE LOAN NOTES**

On 12 September 2012, the Company received a conversion notice from Great Respect in respect of the Convertible Loan Notes in the amount of HK\$1,175,000,000 issued by the Company, pursuant to which notice Great Respect exercised the conversion rights attaching to the Convertible Loan Notes in respect of HK\$1,034,000,000 at the conversion price of HK\$3.93 per share. The Board would like to announce that, as a result of such conversion, 263,104,325 shares of the Company were issued to Great Respect on 14 September 2012. A “whitewash waiver” of the obligation to make a mandatory general offer for the Company’s shares which would otherwise arise under the Takeovers Code as a result of that conversion was granted by the Securities and Futures Commission on 4 February 2010, subject to approval by the Company’s shareholders, and approved by the Company’s shareholders on 8 February 2010. Accordingly, the conversion will not give rise to an obligation for Great Respect or the Lawrence Ho Concert Party to make a general offer under the Takeovers Code.

Great Respect has informed the Company that, following the completion of the said conversion, Great Respect will exercise further conversion rights attaching to the Convertible Loan Notes for the remaining amount of HK\$141,000,000 at the conversion price of HK\$3.93 per share. If these rights are exercised, an additional 35,877,862 shares of the Company will be issued to Great Respect. The additional shares to be issued would result in the Lawrence Ho Concert Party’s aggregate shareholding increasing by approximately 1.24% from the percentage shareholding immediately following the whitewashed conversion referred to above. Accordingly, the exercise of further conversion rights would be within the

2% creeper under Rule 26 of the Takeover Code and will not give rise to an obligation for the Lawrence Ho Convert Party to make a general offer for the Company's shares under the Takeover Code.

Reference is made to the announcement dated 13 May 2005 and the circular dated 22 July 2005 of the Company in relation to issue of the Convertible Loan Notes and the announcement dated 16 December 2009, the circular dated 20 January 2010 (the "**Circular**") and the announcements dated 8 February 2010 and 22 February 2010 of the Company in relation to amendment of the terms of the Convertible Loan Notes. Capitalised terms used in this announcement shall have the same meanings as those defined in the Circular unless defined otherwise.

### **CONVERSION OF CONVERTIBLE LOAN NOTES WITH WHITEWASH WAIVER**

The Board of Directors (the "**Board**") of the Company announces that on 12 September 2012, the Company received a conversion notice from Great Respect Limited ("**Great Respect**") in respect of the Convertible Loan Notes in the amount of HK\$1,175,000,000 issued by the Company, pursuant to which notice Great Respect exercised the conversion rights attaching to the Convertible Loan Notes in respect of HK\$1,034,000,000 at the conversion price of HK\$3.93 per share. The Board would like to announce that, as a result of such conversion, 263,104,325 shares of the Company (the "**Conversion Shares**") were issued to Great Respect on 14 September 2012. The 263,104,325 shares issued to Great Respect represent approximately 21.32% of the issued share capital of the Company before the conversion and approximately 17.57% of the enlarged issued share capital of the Company after the conversion. After the issue of the Conversion Shares, an amount of HK\$141,000,000 remains outstanding on the Convertible Loan Notes.

A Whitewash Waiver in respect of the conversion of the Convertible Loan Notes was granted by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission on 4 February 2010, subject to approval by the Company's shareholders, and approved by the Company's shareholders on 8 February 2010. Pursuant to the Whitewash Waiver, the obligations of Great Respect and Mr. Ho, Lawrence Yau Lung ("**Lawrence Ho**") and the parties acting in concert with Great Respect and/or Mr. Lawrence Ho (the "**Lawrence Ho Concert Party**") to make a mandatory general offer under Rule 26 of the Takeovers Code to acquire the shares of the Company not owned by them, which would otherwise arise under the Takeovers Code as a result of the conversion of the Convertible Loan Notes, have been waived.

The table below shows the shareholding structure immediately before and after the issue of the Conversion Shares:

Name of shareholder	Immediately before the issue and allotment of the Conversion Shares		Immediately after the issue and allotment of the Conversion Shares	
	<i>Number of Shares</i>	<i>Percentage Shareholding</i>	<i>Number of Shares</i>	<i>Percentage Shareholding</i>
<b>Mr. Lawrence Ho and entities controlled by him</b>				
Mr. Lawrence Ho	13,912,612	1.13%	13,912,612	0.93%
Better Joy Overseas Ltd.	288,532,606	23.38%	288,532,606	19.27%
Lasting Legend Ltd.	115,509,024	9.36%	115,509,024	7.72%
Mighty Dragon Developments Limited	18,587,447	1.51%	18,587,447	1.24%
The L3G Capital Trust	7,294,000	0.59%	7,294,000	0.49%
<b>Lawrence Ho Group sub-total</b>	<b>443,835,689</b>	<b>35.97%</b>	<b>443,835,689</b>	<b>29.65%</b>
Dr. Ho Hung Sun, Stanley	342	0.00%	342	0.00%
Madam Lucina Laam King Ying	444,574	0.04%	444,574	0.03%
STD M	222	0.00%	222	0.00%
Ms. Ho Daisy Chiu Fung	67,500	0.01%	67,500	0.00%
Great Respect	-	-	263,104,325	17.57%
<b>Lawrence Ho Concert Party sub-total</b>	<b>444,348,327</b>	<b>36.02%</b>	<b>707,452,652</b>	<b>47.25%</b>
Public	789,602,053	63.98%	789,602,053	52.75%
<b>Total</b>	<b>1,233,950,380</b>	<b>100.00%</b>	<b>1,497,054,705</b>	<b>100.00%</b>

### **INTENDED CONVERSION OF CONVERTIBLE LOAN NOTES SUBJECT TO 2% CREEPER UNDER THE TAKEOVERS CODE**

Great Respect has informed the Company that, following the completion of the said conversion, Great Respect will exercise further conversion rights attaching to the Convertible Loan Notes for the remaining amount of HK\$141,000,000 at the conversion price of

HK\$3.93 per share (the “**Intended Conversion**”). Pursuant to the Intended Conversion, 35,877,862 shares of the Company will be issued to Great Respect. When carried out, the Intended Conversion would result in (1) Great Respect’s shareholding in the Company increasing from approximately 17.57% to approximately 19.50%; and (2) Lawrence Ho Concert Party’s shareholding in the Company increasing from approximately 47.25% to approximately 48.49%. As the said increase is within the 2% creeper provided under Rule 26 of the Takeovers Code, it will not give rise to an obligation to make a general offer on the part of the Lawrence Ho Concert Party under the Takeovers Code.

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

Hong Kong, 14 September 2012

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.

*The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, 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.*