

PBL, Melco Plan USD 1 Billion Macau Casino Float

Sydney – Tapping into booming demand for exposure to China, Australia's Publishing & Broadcasting Ltd. and Melco International Developments Ltd. plan to raise up to USD 1 billion through a float of their Macau casinos joint venture.

A source with knowledge of the plan said Wednesday the two intend to float 20% of the venture on the Nasdaq exchange in the U.S. later this year, valuing their Macau operations at around USD 5 billion.

PBL, led by James Packer, and Melco, backed by Lawrence Ho, son of Macau gaming kingpin Stanley Ho, are betting that U.S. investors will be eager to gain exposure to Macau, which is tipped to overtake Las Vegas as the world's largest gaming market in coming years.

The enclave is undergoing a frenetic expansion in its lucrative gaming sector, with a slew of casino projects due to come on stream in the next two years to meet rapidly rising demand, particularly from mainland China's emerging middle class.

PBL and Melco are building two large-scale casinos in Macau, competing with the likes of Wynn Resorts, MGM Mirage and Las Vegas Sands Corp. to capture the billions of dollars generated from Asian gamblers.

They expect to open their Crown Macau casino and hotel complex, aimed at big spending Asian gamblers, early next year, while their mass-market City of Dreams entertainment complex is expected to begin trading in 2008.

Last week, the pair agreed to buy land on the Macau Peninsula to build a third casino.

In 2004, the Macau gaming industry was worth around USD 5 billion, up 40% from 2003, and only a shade behind Las Vegas's USD 5.2 billion. Of the 16.7 million visitors to the city in 2004, up from 2003's 11.9 million, 9.5 million came from China.

Earlier Wednesday, the Australian Financial Review newspaper reported that PBL and Melco will wait for formal regulatory approval for a US\$ 900 million license to be acquired from Wynn Resorts, before going ahead with the float. It said the two will use funds raised through the float to spearhead plans to expand their casino business throughout Asia.

The report said bankers from Citigroup, Credit Suisse and UBS are working with PBL and Melco on the proposed float.

A PBL spokesman said the company had no comment on the report, while Melco didn't return calls.