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Melco International Development Limited

(Incorporated in Hong Kong with limited liability)

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

(Stock Code: 200)

**ANNOUNCEMENT PURSUANT TO RULE 14.36 OF THE LISTING RULES
IN RESPECT OF
TERMINATION OF PRODUCTS PARTICIPATION AGREEMENT**

This announcement is made pursuant to the Company's disclosure obligation under Rules 14.36 of the Listing Rules.

On 6 November 2008, Elixir, a wholly-owned subsidiary of the Company and EGT entered into the Termination Agreement to terminate the Products Participation Agreement previously announced pursuant to Chapter 14 of the Listing Rules. The entering into of the Termination Agreement is required to be disclosed under Rule 14.36 of the Listing Rules. Further details are set out below.

The Company announces that on 6 November 2008, Elixir, a wholly-owned subsidiary of the Company, entered into a letter agreement to terminate the Products Participation Agreement (the "**Termination Agreement**"), with Elixir Gaming Technologies, Inc. ("**EGT**") (which was previously known as VendingData Corporation), a company having its shares listed on the American Stock Exchange and an associate (as defined in the Listing Rules) of the Company.

Reference is made to the announcement and circular of the Company respectively dated 14 June 2007 and 6 July 2007 (the "**Circular**") in relation to the discloseable transaction regarding provision of services to and potential acquisition of a majority stake in EGT. Terms used in this announcement shall have the same meaning as those defined in the Circular unless the context requires otherwise.

BACKGROUND

Elixir entered into the Products Participation Agreement with EGT on 13 June 2007. Pursuant to the Products Participation Agreement, Elixir Group had been providing agency services to source and refer gaming operators in the Exclusive Territory to

EGT for the entering into of the electronic gaming machines leases on a revenue sharing basis directly with EGT and supply, at market prices, the necessary electronic gaming machines to EGT for the fulfillment of its obligations under such leases. In consideration of the services provided by Elixir Group and upon achievement of various Milestones under the Products Participation Agreement, EGT would allot and issue a maximum of 55,000,000 Consideration Shares, 88,000,000 Consideration Warrants and amend the terms of the Existing Warrants previously issued to Elixir.

Elixir Group had been providing the services described above to EGT since the date of the Products Participation Agreement and had achieved the first and second performance Milestones as set out in the Circular. For the reasons outlined in the paragraph headed “Reasons for the Termination” below, both Elixir and EGT decided to terminate the Products Participation Agreement before the expiry of its original term, i.e. six years from 11 September 2007 or 10 September 2013.

ACHIEVEMENT AND CURRENT SHAREHOLDING

Upon achievement of the first and second performance Milestones as set out in the Circular, EGT had in September 2007 issued a total of (a) 40,000,000 Consideration Shares and (b) 88,000,000 Consideration Warrants to purchase an additional 88,000,000 Warrant Shares to Elixir. Amongst the aforesaid 88,000,000 Consideration Warrants, 22,000,000 of them had vested and become exercisable at an exercise price of US\$2.65 per warrant.

Out of the 22,000,000 Consideration Warrants that had vested and become exercisable, in December 2007 Elixir exchanged with EGT 12,000,000 Consideration Warrants for its issuance of 4,800,000 new shares pursuant to a securities amendment and exchange agreement entered into between them in October 2007 (the “**Exchange Agreement**”) at a exchange ratio of 1 newly issued EGT share for 2.5 outstanding warrants. Pursuant to the Exchange Agreement, EGT agreed to issue up to 26,400,000 additional new shares to Elixir in exchange for its cancellation of up to 66,000,000 Consideration Warrants as soon as practicable after any portion of those Consideration Warrants has become vested and exercisable upon fulfillment of the remaining performance Milestones by Elixir as set out in the Products Participation Agreement (the “**Outstanding Exchange Arrangement**”).

Following the aforesaid series of share and warrant issuances and exchanges as well as the sale of warrants by Elixir as disclosed by the Company’s announcement and circular respectively dated 12 December 2007 and 24 December 2007, immediately prior to the entering of the Termination Agreement, Elixir owned a total of 45,800,000 shares representing approximately 39.84% in the entire issued share capital of EGT, 10,000,000 vested warrants which were issued to Elixir by EGT in January 2007 (the “**Existing Warrants**”) and 66,000,000 Consideration Warrants which were unvested and not yet exercisable.

THE TERMINATION

Pursuant to the Termination Agreement, the parties agreed to terminate the Products Participation Agreement effective as of the date of the Termination Agreement. Accordingly, the Termination Agreement terminated Elixir Group's rights to earn (i) the additional 15,000,000 shares of EGT and (ii) the downward adjustment in the exercise price of the Existing Warrants, as set out in the third to fifth performance Milestones in the Circular. However, the Termination Agreement shall be without prejudice to any claims, rights or obligations of the parties that have accrued prior to its termination.

The parties further agreed to terminate and cancel the 66,000,000 Consideration Warrants which were unvested as well as Elixir Group's rights to exchange those unvested warrants for EGT's shares pursuant to the Outstanding Exchange Arrangement.

REASONS FOR THE TERMINATION

The Company and EGT consider that the termination of the Products Participation Agreement is in the interest of both parties. From the perspective of the Company, the Directors consider it is the best interest of Elixir to deploy its resources to focus on its main business, i.e. the dealing of electronic gaming products and provision of related technology services. The Directors further consider that the termination of the Products Participation Agreement does not have any material impact to the operation of Elixir and the Group.

As EGT has already established its market presence and connections in the gaming industry in the Exclusive Territory, the termination of the Products Participation Agreement will allow a greater flexibility for EGT to source gaming operators and identify suppliers on its own.

Despite the termination of the Products Participation Agreement, the Company and EGT will continue to cooperate in the gaming products industry and Elixir will continue to act as a non-exclusive supplier to EGT for electronic gaming machines.

Upon termination of the Products Participation Agreement, the Company remains as the single largest shareholder of EGT holding 45,800,000 issued shares or approximately 39.84% in the total issued share capital of EGT as at the date of this announcement and the 10,000,000 Existing Warrants. EGT remains to be an associate (as defined in the Listing Rules) of the Company.

GENERAL

The entering into the Termination Agreement constitute a termination of a transaction of the Company previously announced pursuant to Chapter 14 of the Listing Rules and is therefore required to be disclosed under Rule 14.36 of the Listing Rules.

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

Hong Kong, 6 November 2008

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.