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Melco International Development Limited

(Incorporated in Hong Kong with limited liability)

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

(Stock Code : 200)

DISCLOSEABLE TRANSACTION DISPOSAL OF A SUBSIDIARY

SUMMARY

The Board announces that, on 23 February 2009, the Vendor (a wholly-owned subsidiary of the Company) has entered into the Agreement with the Purchaser to sell the Sale Shares, representing 80% of the issued share capital of iAsia, to the Purchaser for a consideration of HK\$12 million. The sale and purchase of the Sale Shares is subject to certain conditions precedent including carrying out of and satisfaction of results of due diligence by the Purchaser. The consideration of HK\$12 million is payable by three installments within two years from Completion. Mr. Chan, who holds 100% of the issued share capital of the Purchaser, has given a guarantee in respect of the Purchaser's performance of the Agreement.

Subject to Completion, the Vendor grants to the Purchaser the Call Option to require the Vendor to sell the Remaining Sale Shares at an agreed consideration of HK\$3 million to the Purchaser during the Call Option Period. Further, subject also to Completion, the Purchaser grants to the Vendor the Put Option to require the Purchaser to purchase the Remaining Sale Shares at an agreed consideration of HK\$3 million from the Vendor during the Put Option Period. The Vendor is entitled to exercise the Put Option earlier if the Purchaser commits a default in relation to the performance of the Agreement.

Upon exercise of the Call Option by the Purchaser or the Put Option by the Vendor (as the case may be), the Vendor shall sell and the Purchaser shall purchase the Remaining Sale Shares for the sum of HK\$3 million, which shall be payable in full on completion of such sale and purchase, within 3 months from date of exercise of the Option.

Upon Completion, the Sale Group, which is engaged in the business of, among others, provision of online trading and settlement software in Hong Kong and Macau, will cease to be subsidiaries of the Company and its financial results will not be consolidated into the Group's financial statements.

As the revenue ratio (as defined in the Listing Rules) of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Rule 14.08 of the Listing Rules and is subject to the notification and announcement requirement under the Listing Rules.

THE AGREEMENT

Date : 23 February 2009

Parties :
i. the Purchaser;
ii. the Vendor; and
iii. Mr. Chan

Mr. Chan is a director and a shareholder of MelcoLot Limited holding (both in person and through his wholly-owned corporation) 75,276,000 shares in aggregate of MelcoLot Limited representing approximately 15.05% of its issued share capital. The Company is indirectly interested in (i) 51,977,024 shares of MelcoLot Limited representing approximately 10.39% of its issued share capital; and (ii) HK\$356,200,231.00 convertible bonds which entitle the Company to convert into 419,059,095 shares of MelcoLot Limited. Save as disclosed, to the best of the information, knowledge and belief of the Directors having made all reasonable enquiry, the Purchaser and Mr. Chan are Independent Third Parties and the Vendor has not entered into any transactions with the Purchaser and/or Mr. Chan in the past 12 months which are required to be aggregated with the Disposal under Rule 14.22 of the Listing Rules.

Assets to be disposed

The Sale Shares, representing 80% of the issued share capital of iAsia.

Consideration

The consideration for the Disposal is HK\$12 million, which will be satisfied by the Purchaser in the following manner:

- (i) HK\$4 million part thereof will be payable by the Purchaser to the Vendor within three months from Completion;
- (ii) HK\$4 million part thereof will be payable by the Purchaser to the Vendor within one year from Completion; and
- (iii) the remaining balance of HK\$4 million will be payable by the Purchaser to the Vendor within two years from Completion.

The Consideration was determined through arm's length negotiations between the parties and on a commercial basis with reference to the 80% of the net asset value of the Sale Group and the attributable goodwill amounting to approximately HK\$11.56 million based on its latest management accounts as at 31 January 2009 and the current market condition.

Undertaking given by Mr. Chan

Mr. Chan beneficially holds 100% of the issued share capital of the Purchaser. Mr. Chan has unconditionally and irrevocably undertaken to the Vendor the due and punctual performance by the Purchaser of all the payment obligations and/or any other obligations expressed to be imposed on or assumed by the Purchaser under the Agreement and further undertakes to indemnify the Vendor against all liabilities, losses, costs and expenses suffered by the Vendor in connection with any default of the Purchaser in the performance of such obligations.

Upon Completion :-

- (i) the Purchaser shall execute a share charge (in an agreed form annexed to the Agreement as a schedule thereto) in favour of the Vendor to charge the Sale Shares to the Vendor as security for the payment obligations and liabilities of the Purchaser arising from or under the Agreement. The said share charge shall be released upon full settlement of all the payment obligations and liabilities arising from or under the Agreement; and
- (ii) the Purchaser and the Vendor as shareholders of iAsia shall enter into a shareholders' agreement for the purpose of regulating their relationship with each other and over certain aspects of the affairs of the Sale Group, including, without limitation, restriction of transfer or sale of any Shares by either party to a third party without the prior written consent of the other party.

Conditions precedent

Completion is subject to and conditional upon satisfaction of, the following conditions precedent:

- (i) all necessary consents and approvals required on the part of the Purchaser and the Vendor in respect of the Agreement and the transactions as contemplated thereunder have been obtained; and
- (ii) the warranties as set out in the Agreement remaining true and accurate in all material respects; and
- (iii) the Purchaser being reasonably satisfied with the results of the due diligence review to be conducted as contemplated under the Agreement.

If the above conditions precedent have not been satisfied on or before 4:00 p.m. on 29 May 2009, or such other date as the Purchaser and the Vendor may agree, the Agreement shall cease and terminate (save for certain exceptions as set out in the Agreement which shall continue to have full force and effect) and thereafter neither party shall have any obligations and liabilities towards the other thereunder, save for any antecedent breaches.

Completion

Completion shall take place on the Completion Date.

THE REMAINING SALE SHARES

Subject to Completion, the Vendor grants to the Purchaser the Call Option to require the Vendor to sell the Remaining Sale Shares at an agreed consideration of HK\$3 million to the Purchaser during the Call Option Period. Further, subject also to Completion, the Purchaser grants to the Vendor the Put Option to require the Purchaser to purchase the Remaining Sale Shares at an agreed consideration of HK\$3 million from the Vendor during the Put Option Period. The Vendor is entitled to exercise the Put Option earlier if the Purchaser commits a default in relation to the performance of the Agreement.

Upon exercise of the Call Option by the Purchaser or the Put Option by the Vendor (as the case may be), the Vendor shall, as beneficial owner of the Remaining Sale Shares, sell and the Purchaser shall purchase and/or shall procure its nominee(s) to purchase, the Remaining Sale Shares (free from all encumbrances) together with all rights attaching thereto as at the date of exercise of the relevant Option. The Purchaser shall not be obliged to purchase, and the Vendor shall not be obliged to sell, any of the Remaining Sale Shares unless the sale and purchase of all the Remaining Sale Shares are completed simultaneously.

The Option may be exercised by the relevant party on any date during the Call Option Period or the Put Option Period (as the case may be) by serving a mutually binding notice in writing to the other party. The Vendor and the Purchaser shall be bound to complete the sale and purchase of the Remaining Sale Shares subject to the relevant Option notice within three months after the date of exercise of such Option.

Upon completion of the sale and purchase of the Remaining Sale Shares, the Purchaser shall:

- (i) pay to the Vendor in cash a sum of HK\$3 million as consideration for the purchase of the Remaining Sale Shares; and
- (ii) produce to the Vendor instrument(s) of transfer executed by the Purchaser in respect of the Remaining Sale Shares.

Upon completion of the sale and purchase of the Remaining Sale Shares and the Vendor's satisfaction of the performance of the Purchaser's obligations mentioned above, the Vendor shall deliver to the Purchaser:

- (i) instrument(s) of transfer executed by the Vendor in respect of the Remaining Sale Shares;
- (ii) the original share certificate(s) in respect of the Remaining Sale Shares (subject to the condition of re-delivery and deposit of the same to the Vendor by the Purchaser upon the execution of the Additional Share Charge); and
- (iii) such other documents as may be reasonably required to give to the Purchaser good title to the Remaining Sale Shares and to enable the Purchaser or its nominees to become the registered owner thereof.

Furthermore, upon completion of the sale and purchase of the Remaining Sale Shares, provided that the Purchaser still owes to the Vendor any outstanding payment liabilities under or arising from the Agreement at the time immediately after such completion, the Purchaser shall execute the Additional Share Charge (in form and substance to the satisfaction of the

Vendor) in favour of the Vendor to charge the Remaining Sale Shares to the Vendor as security for the outstanding payment obligations and liabilities of the Purchaser arising from or under the Agreement. The Additional Share Charge shall be released upon full settlement of all the payment obligations and liabilities arising from or under the Agreement.

REASONS FOR THE DISPOSAL

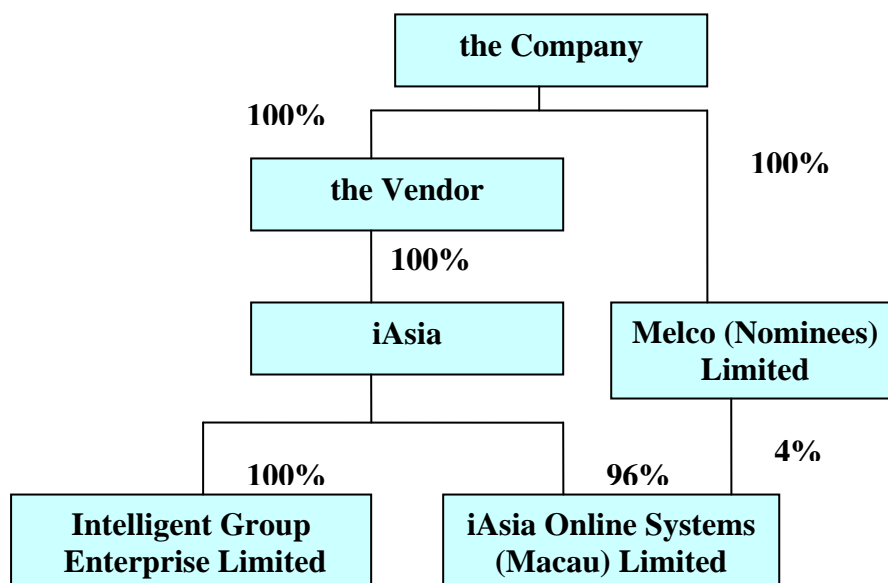
Through the Disposal, the Company can streamline its businesses and focus on its leisure and entertainment segment – which is the key contributor of the Group’s businesses. In light of the recent development of the global economy, and further given that the leisure and entertainment businesses are highly competitive in nature, the Board believes that it is in the best interest of the Company to focus its resources and future investment in its leisure and entertainment segment. Accordingly, the Board is of the view that the Disposal represents a good opportunity for the Company to dispose of the Sale Group and focus the resources in its leisure and entertainment segment in order to maintain its competitiveness and achieve the greatest returns for the Shareholders.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement are on normal commercial terms, fair and reasonable and that the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE COMPANY AND THE SALE GROUP

The Group’s business can be principally segregated into four divisions, namely, (i) leisure and entertainment; (ii) technology; (iii) financial services; and (iv) property and other investments.

The Sale Group, which consists of several subsidiaries of the Company, is shown in the following diagram:-



The Sale Group is principally engaged in the businesses of (i) the provision of online trading and settlement software in Hong Kong and Macau; (ii) the provision of hardware and software goods and services and server co-location service; and (iii) the provision of stock market information and financial analytical tools through the internet and software solutions to financial institutions.

The Purchaser is a newly incorporated limited liability company whose principal business activity is to act as an investment holding vehicle.

FINANCIAL INFORMATION OF THE SALE GROUP

Set out below is a summary of the financial results of the Sale Group based on its audited consolidated accounts for the two years ended 31 December 2007 which have been prepared in accordance with the generally accepted accounting principles in Hong Kong:

<i>HK\$</i>	<u>For the year ended 31 December</u>	
	2007	2006
Revenue	60,262,333	20,096,886
Net profit before taxation	7,709,616	2,728,670
Net profit after taxation	9,301,782	2,728,670

Upon Completion, the Sale Group will cease to be subsidiaries of the Company and its financial results will not be consolidated into the Group's financial statement.

FINANCIAL EFFECT OF THE DISPOSAL

The Directors estimated that the Company will record a profit from the Disposal of approximately HK\$0.44 million, which represents the difference between the proceeds from the Disposal and 80% of the net assets value of the Sale Group and the attributable goodwill amounting to approximately HK\$11.56 million based on its latest management accounts as at 31 January 2009.

USE OF PROCEEDS

The Directors expect that the net proceeds from the Disposal of approximately HK\$12 million (after deducting all relevant fees and expenses) will be used for general working capital of the Group. Assuming that the sale and purchase of the Remaining Sale Shares can be completed, the Directors expect that the net proceeds from such disposal of approximately HK\$3 million (after deducting all relevant fees and expenses) will also be used for general working capital of the Group.

LISTING RULES IMPLICATIONS

As the revenue ratio (as defined in the Listing Rules) of the Disposal is more than 5% but less than 25 %, the Disposal constitutes a discloseable transaction of the Company under Rule 14.08 of the Listing Rules and is subject to the notification and announcement requirement under the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Additional Share Charge”	the share charge to be executed by the Purchaser in favour of the Vendor to charge the Remaining Sale Shares to the Vendor as security for the outstanding payment obligations of the Purchaser under the Agreement
“Agreement”	the sale and purchase agreement dated 23 February 2009 entered into between the Purchaser and the Vendor in respect of the sale and purchase of the Sale Shares and the Remaining Sale Shares
“associate”	has the same meaning as ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Call Option”	the Purchaser’s call option to request the Vendor to sell the Remaining Sale Shares to the Purchaser in accordance with the terms and conditions of the Agreement
“Call Option Period”	a period of two years commencing from the Completion Date (subject to the early expiration provisions set out in the Agreement) whereby the Purchaser can exercise its Call Option for the sale and purchase of the Remaining Sale Shares at the agreed consideration of HK\$3 million
“Company”	Melco International Development Limited, a company incorporated in Hong Kong, the securities of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Agreement
“Completion Date”	the date falling ten (10) Business Days after the fulfillment of the conditions precedent as set out in the Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares, representing 80% of the issued share capital of iAsia, as contemplated under the Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“iAsia”	iAsia Online Systems Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company before Completion
“Independent Third Party”	any person who is, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiry, third party who is independent of the Company and its connected persons (which term has the meaning ascribed to it under the Listing Rules)
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Mr. Chan”	Mr. Chan Sek Keung, Ringo, an Independent Third Party
“Option”	either the Call Option or the Put Option
“Purchaser”	Glory Stand Investments Limited, a company incorporated in the British Virgin Islands with limited liability, an Independent Third Party
“Put Option”	the Vendor’s put option to request the Purchaser to purchase the Remaining Sale Shares in accordance with the terms and conditions of the Agreement
“Put Option Period”	a period of six (6) months commencing from the expiry of the Call Option Period whereby the Vendor can exercise its Put Option for the sale and purchase of the Remaining Sale Shares at the agreed consideration of HK\$3 million
“US\$”	the United States dollars, the lawful currency of the United States
“Remaining Sale Shares”	2 Shares continued to be owned by the Vendor after Completion, representing 20% of the issued share capital of iAsia
“Sale Group”	iAsia and its subsidiaries
“Sale Shares”	8 Shares owned by the Vendor, representing 80% of the entire issued share capital of iAsia
“Shareholders”	shareholders of the Company
“Share(s)”	ordinary share(s) of US\$1.00 each in the capital of iAsia
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Melco Technology Group Limited, a company incorporated in

Hong Kong with limited liability and a wholly-owned subsidiary
of the Company

“%”

per cent.

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

Hong Kong, 23 February 2009

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.