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Melco International Development Limited

(Incorporated in Hong Kong with limited liability)

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

(Stock Code : 200)

VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF A SUBSIDIARY; AND RESUMPTION OF TRADING

THE DISPOSAL

The Board announces that on 19 April 2010, after trading hours, the Vendor (a wholly-owned subsidiary of the Company), the Purchaser and Elixir entered into the Agreement pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Quota at a consideration of HK\$371,029.

The Consideration was determined after arm's length negotiations between the parties with reference to the Adjusted NAV of Elixir of HK\$371,029 as at 28 February 2010. Prior to the Adjustments (as defined below), Elixir has net liabilities of approximately HK\$169.7 million as at 28 February 2010. The Adjusted NAV has been derived from (i) repayment of indebtedness of Elixir to the Remaining Group of HK\$40,000,000; (ii) waiving of the amounts due from Elixir to the Remaining Group in the sum of HK\$249,949,419; (iii) waiving of the amounts due from the Remaining Group to Elixir in the amount of HK\$6,221,859; and (iv) assignment of an amount due from EGT, an associate of the Company, to Elixir in the sum of HK\$73,670,585 to the Vendor, and is payable in cash by the Purchaser.

Upon Completion, Elixir will cease to be an indirect subsidiary of the Company and its financial results will not be consolidated with that of the Remaining Group.

For the avoidance of doubt, the Disposal is in relation to the disposal by the Company of its entire equity interest in Elixir, an indirect wholly-owned subsidiary of the Company, and not in relation to its interest in the 39.5%-owned associate of the Company, EGT, whose shares are listed on the New York Stock Exchange (NYSE Amex: EGT).

LISTING RULES IMPLICATIONS

As the revenue ratio (as defined in the Listing Rules) of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal of the Company under Rule 14.08 of the Listing Rules and hence is subject to notification, publication and shareholders' approval requirements under the Listing Rules. The Purchaser, a company jointly owned by Mr. Leong and Mr. Liu who are currently the chief executives of Elixir, is a connected person of the Company. Accordingly, the Disposal also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The Disposal is subject to the Independent Shareholders' approval at the EGM where no Shareholder other than the Purchaser and its associates shall abstain from voting on the ordinary resolution(s) to be proposed for approving the Agreement and the transactions contemplated thereunder at the EGM.

The Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the Disposal. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal.

A circular containing, among other things, further details of the Disposal, financial information of the Group and the Remaining Group, together with the notice of the EGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 20 April 2010, pending the issue of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares at 9:30 a.m. on 23 April 2010.

THE AGREEMENT

Date: 19 April 2010 (after trading hours)

Parties: i. the Vendor;
ii. the Purchaser; and
iii. Elixir

To the best information, knowledge and belief of the Directors, the Purchaser is a company jointly owned by Mr. Leong and Mr. Liu who are currently the chief executives of Elixir. As such, the Purchaser is a connected person of the Company.

Assets to be disposed of

The Sale Quota, being the entire share capital of Elixir which is beneficially owned by the Vendor.

For the avoidance of doubt, the Disposal is in relation to the disposal by the Company of its entire equity interest in Elixir, an indirect wholly owned subsidiary of the Company, and not in relation to its interest in the 39.5%-owned associate of the Company, EGT, whose shares are listed on the New York Stock Exchange (NYSE Amex: EGT).

Consideration

The Consideration shall be settled by the Purchaser to the Vendor (or as it may direct) in cash upon Completion.

The Consideration was determined after arm's length negotiations between the parties with reference to the Adjusted NAV of Elixir of HK\$371,029 as at 28 February 2010. Prior to the Adjustments (as defined below), Elixir has net liabilities of approximately HK\$169.7 million as at 28 February 2010. The Adjusted NAV has been derived from (i) repayment of indebtedness of Elixir to the Remaining Group of HK\$40,000,000; (ii) waiving of the amounts due from Elixir to the Remaining Group in the sum of HK\$249,949,419; (iii) waiving of the amounts due from the Remaining Group to Elixir in the amount of HK\$6,221,859; and (iv) assignment of an amount due from EGT, an associate of the Company, to Elixir in the sum of HK\$73,670,585 to the Vendor (collectively the "**Adjustments**").

Since items (ii) to (iv) as stated above were related principally to Elixir's Trading Business (as defined below), which ceased after November 2008 and is no longer part of the business of Elixir (details can be referred to under the paragraph headed "Information on the Group, the Purchaser and Elixir" below), the Board considers that it is fair and reasonable for the Company and Elixir to waive items (ii) to (iii) and to assign item (iv) to the Vendor prior to the Disposal.

Adjustment to the Consideration

Pursuant to the Agreement, the Vendor and the Purchaser agreed that the cut-off date for the accounts of Elixir for the purpose of the Disposal shall be 31 March 2010. As such, the Vendor and the Purchaser shall on or before the Completion:

- (a) arrange for management accounts of Elixir to be prepared for the period ended 31 March 2010, the form and substance of which be satisfied and agreed by the parties of the Agreement;
- (b) compensate the other for the shortfall or excess between the Adjusted NAV of Elixir (taking into account the Adjustments) as at 31 March 2010 and the Consideration in cash; and/or
- (c) reimburse the other against payments made by the other or payments which ought to be borne by it during the period from 1 April 2010 to the Completion Date, including but not limited to, the Purchaser's share of rent and management fee of the office premises of Elixir and the payment for the car park used by Elixir in Macau as set out in the Agreement.

Further information in relation to the adjustment of the Consideration will be disclosed in the circular to be despatched to the Shareholders.

CONDITIONS PRECEDENT

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

- (a) the passing by the Independent Shareholders at the EGM of the ordinary resolution(s) to be proposed for approving the Agreement and the transactions contemplated thereunder; and
- (b) the obtaining of all necessary consents, approvals and authorisations in respect of the sale of the Sale Quota by the Vendor and/or the Company (in addition to condition (a) above).

If the above conditions precedent have not been satisfied at or before 4:00 p.m. on 31 July 2010 (or such later time as the Vendor and the Purchaser may agree), the Agreement shall cease and determine and neither parties of the Agreement shall have any obligations and liabilities towards the others thereunder, save for any antecedent breach of the terms of the Agreement.

As at the date of this announcement, condition precedent (a) above has not been fulfilled.

COMPLETION

Completion shall take place on the Completion Date, i.e. the date falling seven (7) Business Days after the fulfillment of all the conditions precedent (or such earlier or later date as the parties thereto may agree) as set out in the Agreement.

POST-COMPLETION

After Completion:

- (a) Elixir shall and the Purchaser shall procure Elixir to
 - (i) provide, without cost, such assistance as the Vendor may require in connection with the recovery of the Bad Debts, where 80% of the amounts recovered will belong to the Vendor and the remaining 20% will be given to the Purchaser in return for its assistance in recovering such amounts; and
 - (ii) provide, without cost, such assistance as the Vendor may require in respect of dealing with and answering queries from the government authorities regarding transactions of Elixir prior to the Completion Date, in particular in connection with the resolution of tax issues as set out in the Agreement; and
- (b) the Vendor shall arrange for the two guarantees both dated 21 October 2008 given by Melco Technology Group Limited to Melco Crown (COD) Developments Limited (a subsidiary of the 33.4%-owned associate of the Company, “**the Beneficiary**”) in respect of two contracts both dated 15 July 2008 entered into between Elixir with the Beneficiary for closed circuit TV (“**CCTV**”) system and

merged package comprising structured cabling, data network infrastructure and voice over internet protocol systems in the City of Dreams at Cotai, Macau to be maintained and kept into force until 28 September 2010. The guarantees were required by the Beneficiary in connection with the performance of the said contracts until the end of the defects liability period, which expires on 28 September 2010. The guarantees were given by Melco Technology Group Limited, which is the holding company of the Vendor and Elixir. As the contracts were in substance performed before the Disposal, the Purchaser does not propose to replace the guarantees and request the Vendor to arrange for the guarantees to be maintained until they are no longer required.

REASONS FOR THE DISPOSAL

The Company has disposed of 80% of the issued share capital of iAsia Online Systems Limited and 43.2% of the issued share capital of Value Convergence Holdings Limited in 2009. The Board is of the view that through the Disposal, the Group can further streamline and focus its businesses on the leisure and entertainment segment. In addition, the major business of Elixir involves the provision of (1) cable supply and installation of sound video and communication system, (2) CCTV system, (3) combined audio video package; and (4) merged package comprising structural cabling, data network infrastructure and voice over internal protocol systems to casinos in Macau. In light of the recent restriction imposed by the Macau government in relation to the maximum number of gaming tables, the Board considers that there will be a significant adverse impact on the demand of the afore-mentioned services and thus the potential growth of Elixir would be limited. Taking into consideration (i) the fact that the operating environment remains uncertain in the aftermath of the global financial crisis; (ii) the capital-intensive nature of Elixir's business; (iii) the net liabilities of Elixir as at 28 February 2010; and (iv) the limited growth for the businesses of Elixir, the Board considers that the Disposal represents a good opportunity for the Company to dispose of Elixir and focus its resources in the leisure and entertainment segment in order to maintain its competitiveness and achieve the greatest returns for the Shareholders.

The Directors (save for the independent non-executive Directors who will express their views after having considered the advice from the independent financial adviser) are of the view that the terms of the Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and that the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP, THE PURCHASER AND ELIXIR

The Group is principally engaged in leisure, gaming and entertainment and other investments.

The Purchaser is a newly incorporated company with limited liability, the principal business activity of which is to act as an investment holding vehicle.

Until November 2008, Elixir was engaged in (a) trading of gaming products consisting mainly of electronic gaming machines ("**Elixir's Trading Business**"); and (b) designing, engineering, managing and implementing comprehensive information, communications

and technologies disciplines for property development with emphasis on hotel and casino building infrastructures (“Elixir’s ICT Services”). After November 2008, Elixir’s Trading Business ceased. The current business of Elixir comprises mainly Elixir’s ICT Services.

INFORMATION ON THE REMAINING GROUP

Upon Completion, the Remaining Group will continue to engage in restaurant business and property investments in Hong Kong and Macau. The Remaining Group will also continue to focus on the leisure, gaming and entertainment business through its investments in the associates. The Board considers that the Disposal is in line with the Company’s divestment strategy for non-gaming investments and that the Disposal would enable the Group to further streamline its businesses and focus its resources in the leisure, gaming and entertainment segment in order to maintain its competitiveness and achieve the greatest returns for the Shareholders.

FINANCIAL INFORMATION OF ELIXIR

Set out below is a summary of the audited financial statements of Elixir for the financial year ended 31 December 2008 and the management accounts of Elixir for the financial year ended 31 December 2009 which have been prepared in accordance with generally accepted accounting principles in Hong Kong:

<i>(HK\$’000)</i>	For the financial year ended 31 December	
	2009	2008
Revenue	560,473	459,672
Net profit/(loss) before taxation	2,332	(253,630)
Net profit/(loss) after taxation	2,332	(253,641)

Upon Completion, Elixir will cease to be an indirect subsidiary of the Company and its financial results will not be consolidated with that of the Remaining Group.

USE OF PROCEEDS

The Directors expect that the gross proceeds from the Disposal will amount to HK\$371,029 and no net proceeds is expected to be recorded after taking into account professional fees and other expenses to be incurred as a result of the Disposal.

FINANCIAL EFFECTS OF THE DISPOSAL

It is expected that the Group will record a gain on the Disposal of approximately HK\$6.5 million as a result of the adjustments for the unrealized profit on sales to Melco Crown Entertainment Limited from Elixir of approximately HK\$10.6 million and the de-recognition of goodwill of Elixir of approximately HK\$4.1 million.

LISTING RULES IMPLICATIONS

As the revenue ratio (as defined in the Listing Rules) of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal of the Company under Rule 14.08 of the Listing Rules and hence is subject to notification, publication and shareholders' approval requirements under the Listing Rules. The Purchaser, a company jointly owned by Mr. Leong and Mr. Liu who are currently the chief executives of Elixir, is a connected person of the Company. Accordingly, the Disposal also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The Disposal is subject to the Independent Shareholders' approval at the EGM where no Shareholder other than the Purchaser and its associates shall abstain from voting on the ordinary resolution(s) to be proposed for approving the Agreement and the transactions contemplated thereunder at the EGM.

GENERAL

The Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the Disposal. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder.

A circular containing, among other things, further details of the Disposal, financial information of the Group and the Remaining Group, together with the notice of the EGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

SUSPENSION AND RESUMPTION OF TRADING IN SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 20 April 2010, pending the issue of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares at 9:30 a.m. on 23 April 2010.

DEFINITIONS

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

“Adjusted NAV” the net asset value of Elixir as at 28 February 2010 as adjusted by: (i) repayment of indebtedness of Elixir to the Remaining Group of HK\$40,000,000; (ii) waiving of the amounts due from Elixir to the Remaining Group in the sum of HK\$249,949,419; (iii) waiving of the amounts due from the Remaining Group to Elixir in the amount of HK\$6,221,859; and (iv) assignment of an amount due from EGT, an associate of the Company, to Elixir in the sum of HK\$73,670,585 to the Vendor

“Agreement”	the sale and purchase agreement dated 19 April 2010 entered into between the Vendor, the Purchaser and Elixir in respect of the Disposal
“associate”	has the same meaning as ascribed to it in the Listing Rules
“Bad Debts”	the sums of (i) approximately HK\$1.36 million due from a main contractor being retention money held under a number of information, communication and technology contracts (“ ICT Contracts ”) performed by the Company; and (ii) approximately HK\$8 million due from a number of debtors being money outstanding under various ICT Contracts which are treated as bad debts in the accounts of Elixir for the year ended 31 December 2009
“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
“Company”	Melco International Development Limited, a company incorporated in Hong Kong with limited liability, the securities of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Quota in accordance with the terms and conditions of the Agreement
“Completion Date”	the date falling seven (7) Business Days after the fulfillment of all the conditions precedent (or such earlier or later date as the parties to the Agreement may agree) as set out in the Agreement
“connected person”	has the same meaning as ascribed to it in the Listing Rules
“Consideration”	the consideration of HK\$371,029 payable by the Purchaser to the Vendor pursuant to the Agreement
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Quota by the Vendor as contemplated under the Agreement
“EGM”	an extraordinary general meeting of the Company to be convened and held for the purpose of considering, and if thought fit, approving the Agreement and the transactions contemplated thereunder

“EGT”	Elixir Gaming Technologies, Inc., a company listed on the New York Stock Exchange (NYSE Amex: EGT), being the 39.5%-owned associate of the Group
“Elixir”	Elixir International Limited, a company incorporated in Macau with limited liability and an indirect wholly-owned subsidiary of the Company
“Mr. Leong”	Leong Van Tat, Chief Operating Officer of Elixir
“Mr. Liu”	Liu Man Fai, Danny, Chief Financial Officer of Elixir
“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
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors to be established to advise the Independent Shareholders in connection with the Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than the Purchaser and its associates
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“MOP\$”	Macau Pataca, the lawful currency of Macau
“PRC”	People’s Republic of China
“Purchaser”	Brilliant Light Holding Company Limited, a company incorporated in Macau with limited liability, which is jointly held and owned by Mr. Leong and Mr. Liu
“Remaining Group”	the Company and its subsidiaries, excluding Elixir
“Sale Quota”	the entire issued capital of MOP\$500,000 of Elixir, which is beneficially owned by the Vendor prior to Completion
“Share(s)”	share(s) of HK\$0.50 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Vendor” Elixir Group Limited, a company incorporated in Hong Kong with limited liability, which is a wholly-owned subsidiary of the Company

“%” per cent.

By order of the board of
Melco International Development Limited
Ho, Lawrence Yau Lung
Chairman and Chief Executive Officer

Hong Kong, 22 April 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, Dr. Lo Ka Shui and Mr. Sham Sui Leung, Daniel.