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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 – SUPPLEMENTAL ANNOUNCEMENT ON THE FINANCIAL EFFECTS OF THE DISPOSAL

Reference is made to the Announcement of the Company dated 22 April 2010 and the Circular which has been despatched to the Shareholders on 4 June 2010.

As stated in the Announcement, it was then expected that the Group would record a gain on the Disposal of approximately HK\$6.5 million. On the other hand, according to the unaudited pro forma financial information of the Remaining Group as set out in Appendix II to the Circular, based on the audited financial information of the Group as at 31 December 2009 and assuming that the Disposal had taken place on 1 January 2010, the Group would have recorded an estimated loss on the Disposal of approximately HK\$12.7 million.

The Board would like to clarify that such loss on Disposal (assuming that the Disposal had taken place on 1 January 2010), when compared with the aforesaid gain on Disposal (assuming that the Disposal had taken place on 1 March 2010), was primarily due to: (i) the net loss incurred by Elixir in the amount of approximately HK\$8.5 million during the two months ended 28 February 2010, such that the net liabilities of Elixir of approximately HK\$161.1 million as at 31 December 2009 were less than those of approximately HK\$169.7 million as at 28 February 2010; and (ii) the deferral in recognising the unrealized profit on sales to Melco Crown Entertainment, an associate of the Group, from Elixir of approximately HK\$10.6 million over the remaining lives of the goods sold to Melco Crown Entertainment under a prudent approach, such that such profit could not be recognized by the Group immediately upon the Disposal. Since Melco Crown Entertainment is an associate of the Group and its accounts are equity accounted for in the accounts of the Group, such profit will be realized over the remaining lives of the goods sold to Melco Crown Entertainment.

Reference is made to the announcement of the Company dated 22 April 2010 (the “**Announcement**”) and the circular of the Company which has been despatched to the Shareholders on 4 June 2010 (the “**Circular**”). Capitalised terms used in this announcement shall have the same meanings as those defined in the Circular unless otherwise stated.

As stated in the Announcement, it was then expected that the Group would 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 from Elixir of approximately HK\$10.6 million and the de-recognition of goodwill of Elixir of approximately HK\$4.1 million, based on the unaudited management accounts of the Group as at 28 February 2010 and assuming that the Disposal had taken place on 1 March 2010.

On the other hand, according to the unaudited pro forma financial information of the Remaining Group as set out in Appendix II to the Circular, based on the audited financial information of the Group as at 31 December 2009 and assuming that the Disposal had taken place on 1 January 2010, the Group would have recorded an estimated loss on the Disposal of approximately HK\$12.7 million.

The Board would like to clarify that such loss on Disposal (assuming that the Disposal had taken place on 1 January 2010), when compared with the aforesaid gain on Disposal (assuming that the Disposal had taken place on 1 March 2010), was primarily due to: (i) the net loss incurred by Elixir in the amount of approximately HK\$8.5 million during the two months ended 28 February 2010, such that the net liabilities of Elixir of approximately HK\$161.1 million as at 31 December 2009 were less than those of approximately HK\$169.7 million as at 28 February 2010; and (ii) the deferral in recognising the unrealized profit on sales to Melco Crown Entertainment, an associate of the Group, from Elixir of approximately HK\$10.6 million over the remaining lives of the goods sold to Melco Crown Entertainment under a prudent approach, such that such profit could not be recognized by the Group immediately upon the Disposal. Since Melco Crown Entertainment is an associate of the Group and its accounts are equity accounted for in the accounts of the Group, such profit will be realized over the remaining lives of the goods sold to Melco Crown Entertainment.

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

Hong Kong, 4 June 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.