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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 SHARES IN
VALUE CONVERGENCE HOLDINGS LIMITED
BY WAY OF PLACING**

The Company is pleased to announce that on 18 September 2009, Melco Financial (as the vendor) and the Company (as guarantor) entered into the Placing Agreement with the Placing Agent, pursuant to which Melco Financial agreed to appoint the Placing Agent as placing agent for the purpose of disposing of by way of Placing by the Placing Agent on a best efforts basis all but not part of 160,930,380 VC Shares beneficially held by Melco Financial at the price of HK\$1.92 per Placing Share, to not less than six Places.

Immediately upon completion of the Disposal and assuming that all 160,930,380 Placing Shares are placed, Melco Financial will cease to have any equity interest in Value Convergence, and Value Convergence will cease to be an associated company of the Company.

As the applicable percentage ratios (as defined in the Listing Rules) for the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

The Company is pleased to announce that on 18 September 2009, Melco Financial (as the vendor) and the Company (as guarantor) entered into the Placing Agreement with the Placing Agent, pursuant to which Melco Financial agreed to appoint Kim Eng Securities (Hong Kong) Limited as the Placing Agent for the purpose of disposing of by way of Placing by the Placing Agent on a best efforts basis all but not part of 160,930,380 VC Shares beneficially held by Melco Financial at the price of HK\$1.92 per Placing Share, to not less than six Places.

PLACING AGREEMENT

Date: 18 September 2009

Parties:

- (1) Melco Financial (as the vendor), which holds 160,930,380 VC Shares representing approximately 43.24% of the total issued share capital of Value Convergence immediately before the date of the Placing Agreement;
- (2) the Company (as the guarantor), being the holding company of Melco Financial; and
- (3) Kin Eng Securities (Hong Kong) Limited (as the Placing Agent), who and whose ultimate beneficial owners, to the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, are third parties independent of the Company and any connected persons of the Company, and are not connected persons of the Company or its subsidiaries.

Number of the Placing Shares:

A total of 160,930,380 VC Shares beneficially held by Melco Financial. The Placing Shares represent approximately 43.24% of the total issued share capital of Value Convergence as at the date of this announcement.

Placing Period:

The period from 21 September 2009 up to the day immediately before the Trade Date.

Placing Price:

HK\$1.92 per Placing Share, which represents:

- (1) a discount of approximately 6.3% to the closing price of HK\$2.05 per VC Share as quoted on the Stock Exchange on 18 September 2009, being the date of the Placing Agreement;
- (2) a discount of approximately 1.5% to the closing price of HK\$1.95 per VC Share as quoted on the Stock Exchange on 17 September 2009, being the last full trading day prior to the date of the Placing Agreement;
- (3) a discount of approximately 8.1% to the average closing price of HK\$2.09 per VC Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the date of the Placing Agreement;
- (4) a premium of approximately 7.9% to the average closing price of HK\$1.78 per VC Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the date of the Placing Agreement; and
- (5) a premium of approximately 15.7% to the unaudited consolidated net asset value per VC Share of HK\$1.66 as at 30 June 2009.

The Placing Price is negotiated and arrived at arm's length negotiation between Melco Financial and the Placing Agent with reference to the prevailing market price of the VC Shares and the current market conditions. The Directors (including the independent non-executive Directors) consider that the Placing Price and the terms of the Disposal are fair and reasonable and in the interest of the Company and its shareholders as a whole.

The consideration for the Placing Shares shall be paid to the Vendor on the date falling two Business Days after the Trade Date.

The Directors estimated that, upon completion of the Disposal, the Group will record a gain of approximately HK\$34.3 million, which represents the difference between the net proceeds from the Disposal and the carrying amount of the net assets of Value Convergence attributable to approximately 43.24% ownership interest being disposed of, based on the latest available financial information of Value Convergence as at 31 August 2009.

Placees:

The Placing Shares will be placed by the Placing Agent to not less than six Placees, who and whose ultimate beneficial owners are independent of, and are not a connected person (within the meaning ascribed to it in the Listing Rules) of Value Convergence and the Company.

Condition and completion of the Placing:

Completion of the Placing is conditional on the placing of all but not part of the 160,930,380 Placing Shares by the Placing Agent in accordance with the terms and conditions of the Placing Agreement and agreed to take place on the Trade Date.

Rights of the Placing Shares:

The Placing Shares will be sold by Melco Financial free from all liens, charges, encumbrances, claims, options and any third party rights and together with all rights attaching thereto at the Trade Date.

There is no lock-up period imposed on the Placees in respect of the Placing Shares pursuant to the Placing Agreement.

Placing fee:

The placing fee payable by Melco Financial to the Placing Agent pursuant to the Placing Agreement is calculated as 1% of the amount equal to the Placing Price multiplied by the number of the Placing Shares actually placed by the Placing Agent under the Placing. Melco Financial's obligation to pay the aforesaid placing fee is subject to the condition that the Placing Agent has placed all but not part of the Placing Shares in accordance with the terms and conditions of the Placing Agreement.

Guarantee arrangement from the Company:

The Company undertakes to the Placing Agent that it will guarantee, as sole and principal obligor, to the Placing Agent the due and punctual performance by Melco Financial of all its obligations, commitments and undertakings under or pursuant to the

Placing Agreement. The Company shall also indemnify and hold harmless the Placing Agent for any breach by Melco Financial of its obligations, commitments or undertakings under or pursuant to the Placing Agreement.

EFFECT OF DISPOSAL ON VALUE CONVERGENCE'S SHAREHOLDING

Immediately upon completion of the Disposal and assuming that all 160,930,380 VC Shares are placed in full, Melco Financial will cease to have any equity interest in Value Convergence, and Value Convergence will no longer be an associated company of the Company.

Assuming that all 160,930,380 VC Shares are placed in full and there is no other change in the shareholding structure of Value Convergence after the date of the Placing Agreement (other than completion of the Placing Agreement), the shareholding structure of Value Convergence prior to and after the Disposal is as follows:

Name of shareholder of Value Convergence	As at the date hereof		Immediately after completion of the Disposal	
	No. of VC Shares held	Approx. percentage of shareholding (%)	No. of VC Shares held	Approx. percentage of shareholding (%)
Melco Financial	160,930,380	43.24	0	0
Golden Mate Co., Ltd. (Note 1)	4,232,627	1.14	4,232,627	1.14
Best Summit International Limited (Note 2)	6,299,702	1.69	6,299,702	1.69
Mr. Sun, Patrick	1,500,000	0.40	1,500,000	0.40
Public shareholders				
Placee(s)	-	-	160,930,380	43.24
Other public shareholders	199,237,063	53.53	199,237,063	53.53
	372,199,772	100.00	372,199,772	100.00

Notes:

- As at the date of this announcement, 4,232,627 VC Shares are held by Golden Mate Co., Ltd., which is owned as to 100% by Mr. Ho, Lawrence Yau Lung. By virtue of Mr. Ho, Lawrence Yau Lung's interest in Golden Mate Co., Ltd., Mr. Ho, Lawrence Yau Lung is deemed to be interested in 4,232,627 VC Shares held by Golden Mate Co., Ltd. under the SFO.
- As at the date of this announcement, 6,299,702 VC Shares are held by Best Summit International Limited, which is owned as to 100% by Dr. Lee Jun Sing. By virtue of Dr. Lee Jun Sing's interest in Best Submit International Limited, Dr. Lee Jun Sing is deemed to be interested in 6,299,702 VC Shares held by Best Submit International Limited under the SFO.

INFORMATION ON THE GROUP

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

INFORMATION ON VALUE CONVERGENCE

Value Convergence and its subsidiaries are principally engaged in securities, futures and option contracts broking and the provision of other related financial services, including margin financing, securities underwriting, placing, assets management and corporate finance advisory services focusing on the markets in Hong Kong and the People's Republic of China.

Set out below is the financial information of Value Convergence as extracted from the annual reports of Value Convergence for the two financial years ended 31 December 2008: -

	As at 31 December	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net assets	612,148	605,487
	For the year ended 31 December	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profits before taxation	8,964	62,108
Profits after taxation	7,576	50,358

REASONS FOR THE PLACING

The Company's strategic direction is to divest out of non-core businesses in order to focus on its core business in "gaming and Macau". The Placing is in accordance with the Company's strategic direction and will generate cash resources that the Company may utilize in its core business.

The Directors (including the independent non-executive Directors) consider that the Placing Price and the terms of the Disposal are fair and reasonable and in the interest of the Company and its shareholders as a whole.

USE OF PROCEEDS

The gross and net proceeds from the Disposal to be received by Melco Financial amount to approximately HK\$309.0 million and HK\$302.4 million, respectively. The Directors believe that the net proceeds from the Disposal could strengthen both the cash-flow and working capital position of the Company. The Directors intend to apply the above net proceeds as part of the general working capital of the Company.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined in the Listing Rules) for the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

DEFINITIONS

In this announcement, the following terms have the following meaning:

“Board”	board of Directors
“Business Day”	a day (excluding Saturday, Sunday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business
“Company”	Melco International Development Limited, a company incorporated under the laws of Hong Kong and whose shares are listed on the Stock Exchange
“Directors”	directors of the Company
“Disposal”	disposal of all but not part of the Placing Shares by Melco Financial by way of the Placing
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Melco Financial”	Melco Financial Group Limited, a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Company
“Placee(s)”	any investor(s), who and whose ultimate beneficial owners are independent of, and are not a connected person (within the meaning ascribed to it in the Listing Rules) of Value Convergence and the Company
“Placing”	the placing of the Placing Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	Kim Eng Securities (Hong Kong) Limited, which acts as placing agent under the Placing Agreement

“Placing Agreement”	the placing agreement entered into between Melco Financial, the Company and the Placing Agent dated 18 September 2009 in relation to the Placing
“Placing Price”	HK\$1.92 per Placing Share
“Placing Shares”	a total of 160,930,380 VC Shares beneficially held by Melco Financial, and to be placed by the Placing Agent pursuant to the Placing Agreement
“SFO”	Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trade Date”	22 September 2009 or, where trading of VC Shares on the Stock Exchange is suspended on 22 September 2009, the earliest date on which the VC Shares resume trading on the Stock Exchange, or such other time or date as the Placing Agent may agree
“Value Convergence” or “VC”	Value Convergence Holdings Limited, a company incorporated under the laws of Hong Kong and whose shares are listed on the Stock Exchange
"VC Share(s)"	share(s) in Value Convergence
“%”	per cent.

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

Hong Kong, 18 September 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.