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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 IN RESPECT OF UNDERWRITING OF AN OPEN OFFER AND
POSSIBLE WHITEWASH WAIVER TO BE OBTAINED IN RELATION TO THE
OPEN OFFER**

The Board announces that on 14 August 2012 (after the trading hours of the Stock Exchange), the Underwriters have entered into the Underwriting Agreement with MelcoLot, pursuant to which, the Underwriters have agreed to underwrite, in aggregate, 1,273,566,615 Offer Shares under the Open Offer subject to the terms and conditions of the Underwriting Agreement. Assuming that no qualifying MelcoLot Shareholders will take up any Offer Shares, (i) 128,205,128 Offer Shares will be underwritten by Melco LV and the total subscription price payable by Melco LV will be settled by Melco LV in cash; and (ii) 1,145,361,487 Offer Shares will be underwritten by Power Way and the total subscription price payable by Power Way will be set off against the Power Way Loan. Pursuant to the Underwriting Agreement, Melco LV will have the right to take up to 128,205,128 Underwritten Shares in the first place, and, only when Melco LV has fully taken up in aggregate 128,205,128 Underwritten Shares, will Power Way have the right to subscribe for up to 1,145,361,487 Underwritten Shares.

As at the date of the Underwriting Agreement, Melco LV is (i) directly interested in 58,674,619 MelcoLot Shares (representing approximately 11.67% of the issued share capital of MelcoLot); and (ii) also one of the holders of the MelcoLot 2012 CB in the principal amount of HK\$399,505,732, which entitles Melco LV to subscribe for 470,006,743 MelcoLot Shares upon the exercise in full of the conversion rights attached thereto.

IMPLICATIONS OF THE TAKEOVERS CODE

Assuming no qualifying MelcoLot Shareholders will take up any of the Offer Shares, the taking up of the Underwritten Shares would result in an increase of the aggregate shareholdings of the Underwriters and parties acting in concert with any of them in MelcoLot

from approximately 28.92% to approximately 78.43%. Therefore it will give rise to a mandatory offer obligation on the part of the Underwriters and parties acting in concert with any of them under Rule 26 of the Takeovers Code to make a general offer for all the MelcoLot Shares and other securities issued by MelcoLot not already held or agreed to be acquired by the Underwriters and parties acting in concert with any of them unless the Whitewash Waiver is obtained. The Underwriters will make an application to the Executive pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code for the Whitewash Waiver, the grant of which will be subject to the approval of the MelcoLot Independent Shareholders taken by way of a poll at the MelcoLot EGM.

INTRODUCTION

The Board announces that on 14 August 2012 (after the trading hours of the Stock Exchange), the Underwriters have entered into the Underwriting Agreement with MelcoLot, pursuant to which, the Underwriters have agreed to underwrite, in aggregate, 1,273,566,615 Offer Shares under the Open Offer subject to the terms and conditions of the Underwriting Agreement. Assuming that no qualifying MelcoLot Shareholders will take up any Offer Shares, (i) 128,205,128 Offer Shares will be underwritten by Melco LV and the total subscription price payable by Melco LV will be settled by Melco LV in cash; and (ii) 1,145,361,487 Offer Shares will be underwritten by Power Way and the total subscription price payable by Power Way will be set off against the Power Way Loan.

UNDERWRITING ARRANGEMENT

Underwriting Agreement

Date: 14 August 2012

Parties: Melco LV and Power Way as underwriters and MelcoLot as issuer.

MelcoLot is a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on GEM.

As at the date of this announcement, the Underwriters, together with parties acting in concert with any of them, are interested in an aggregate of 145,460,938 MelcoLot Shares, representing approximately 28.92% of the issued share capital of MelcoLot, of which Melco LV is directly interested in 58,674,619 MelcoLot Shares, representing approximately 11.67% of the existing issued share capital of MelcoLot and the remaining 86,786,319 MelcoLot Shares, representing approximately 17.25% of the existing issued share capital of MelcoLot are owned by parties acting in concert with Melco LV. Power Way is not interested in any MelcoLot Shares.

Save as disclosed above, each of MelcoLot and its ultimate beneficial owners (other than Melco LV and Power Way) are third parties independent of the Company and its connected persons.

Basis of the Open Offer: three (3) Offer Shares for every one (1) MelcoLot Share held on the Record Date

Subscription Price: HK\$0.078 per Offer Share

Number of Offer Shares: not less than 1,508,900,799 new MelcoLot Shares and not more than 1,729,046,799 new MelcoLot Shares

Number of Offer Shares underwritten by the Underwriters: Pursuant to the Underwriting Agreement, the Underwriters have conditionally agreed to underwrite 1,273,566,615 Offer Shares, of which (i) 128,205,128 Offer Shares will be underwritten by Melco LV; and (ii) 1,145,361,487 Offer Shares will be underwritten by Power Way

Save for the underwriting obligations of the Underwriters, Melco LV and parties acting in concert with Melco LV have not decided whether they will take up their assured entitlements under the Open Offer or no

Commission: No underwriting commission will be payable by MelcoLot to each of Melco LV or Power Way under the Underwriting Agreement

Public Float: Immediate upon completion of the Open Offer, the Offer Shares held by Power Way, Melco LV and other Non Public Shareholders in aggregate shall not be more than 75% of the total shareholdings of MelcoLot as enlarged by the Offer Shares

Assuming all other qualifying MelcoLot Shareholders do not subscribe for their entitled Offer Shares, the aggregate Subscription Price to be paid by the Underwriters shall be, in aggregate, HK\$99,338,196, of which HK\$10,000,000 will be paid by Melco LV in cash and HK\$89,338,196 will be set off against the Power Way Loan.

Pursuant to the Underwriting Agreement, (i) Melco LV and MelcoLot have agreed that the Subscription Price payable by Melco LV for the Offer Shares to which Melco LV is entitled under the Open Offer and the Underwritten Shares would be settled by Melco LV in cash; and (ii) Power Way and MelcoLot have agreed that the Subscription Price payable by Power Way for the Underwritten Shares would be by way of Set Off against the Power Way Loan (the exact amount of the Power Way Loan to be set off for such aggregate Subscription Price depends on the number of Underwritten Shares to be underwritten by Power Way).

The liabilities and obligations of the Underwriters under the Underwriting Agreement are held by them severally. For the avoidance of doubt, Melco LV shall only be obliged to underwrite and subscribe for up to a maximum of 128,205,128 Underwritten Shares and

Power Way shall only be obliged to underwrite and subscribe for up to a maximum of 1,145,361,487 Underwritten Shares.

Pursuant to the Underwriting Agreement, Melco LV will have the right to subscribe for up to 128,205,128 Underwritten Shares in the first place, and, only when Melco LV has fully taken up in aggregate 128,205,128 Underwritten Shares, will Power Way have the right to take up to 1,145,361,487 Underwritten Shares.

Set Off of the Power Way Loan

As at 31 May 2012, MelcoLot is indebted to Power Way in the sum of approximately HK\$89,338,196 under the loan agreement 14 July 2008 (as amended by supplemental agreements dated 1 December 2009, 21 March 2011 and 24 February 2012). The Power Way Loan is unsecured, bearing an interest at 1% per annum and will mature on 14 July 2013.

Pursuant to the Underwriting Agreement, MelcoLot and Power Way have agreed that the Subscription Price payable by Power Way for the Underwritten Shares would be by way of Set Off against the Power Way Loan. Such Set Off will be subject to number of the Underwritten Shares actually being taken up by Power Way and the Power Way Loan may not be set off in full.

The completion of the Set Off is subject to the same conditions of the Open Offer. Completion of the Set Off shall take place simultaneously with the issue of the Offer Shares by MelcoLot pursuant to the terms of the Open Offer.

MLV Undertaking

Pursuant to the Underwriting Agreement, Melco LV has given the irrevocable MLV Undertaking in favour of MelcoLot that it will not convert the MelcoLot 2012 CB in the principal amount of HK\$399,505,732 held by it prior to the Record Date.

Subscription Price

The Subscription Price for the Offer Shares is HK\$0.078 per Offer Share, payable in full when a qualifying MelcoLot Shareholder accepts his/her/its entitlement under the Open Offer.

The Subscription Price represents:

- (i) a discount of approximately 21.2% to the closing price of HK\$0.099 per MelcoLot Share as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a discount of approximately 23.5% to the average of the closing prices of approximately HK\$0.102 per MelcoLot Share as quoted on the Stock Exchange for the last five full consecutive trading days up to and including the Last Trading Date;
- (iii) a discount of approximately 28.4% to the average of the closing prices of approximately HK\$0.109 per MelcoLot Share for the last ten full trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 6.0% to the theoretical ex-entitlement price of

approximately HK\$0.083 per MelcoLot Share (assuming that all MelcoLot Shareholders take up their respective entitlements to the Offer Shares) based on the closing price of HK\$0.099 per MelcoLot Share quoted on the Stock Exchange on the Last Trading Day; and

- (v) a discount of approximately 9.3% to the theoretical ex-entitlement price of approximately HK\$0.086 (assuming that no MelcoLot Shareholders take up their respective entitlements to the Offer Shares and the Underwriters are called upon to subscribe for the Underwritten Shares subject to the terms and conditions under the Underwriting Agreement) based on the closing price of HK\$0.099 per MelcoLot Share quoted on the Stock Exchange on the Last Trading Day.

The Subscription Price was arrived at after arm's length negotiation between the Underwriters and MelcoLot with reference to, among other things, the then market environment, the prevailing market price of the Shares and the financial requirements of MelcoLot.

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In view of (i) the recent market prices of the MelcoLot Shares; and (ii) the discount to the closing prices per MelcoLot Shares as quoted on the Stock Exchange, the Directors consider that the Subscription Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Conditions of the Open Offer and the Underwriting Agreement

The Open Offer and the completion of the Underwriting Agreement are conditional upon the following conditions being fulfilled:

- (1) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two directors of MelcoLot (or by their agents duly authorised in writing) as having been approved by resolution of the board of directors of MelcoLot (and all other documents required to be attached thereto) and otherwise in compliance with the GEM Listing Rules and the Companies Ordinance not later than the Prospectus Posting Date;
- (2) the posting of the Prospectus Documents to the qualifying MelcoLot Shareholders and the posting of the Prospectus and a letter in the agreed form to the prohibited MelcoLot Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the Prospectus Posting Date;
- (3) the listing committee of the Stock Exchange with the responsibility for GEM granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Offer Shares by no later than the first day of their dealings;
- (4) the obligations of the Underwriters becoming unconditional (in particular the Whitewash Waiver being granted by the Executive Director of the SFC) and the Underwriting Agreement is not terminated in accordance with its terms;
- (5) compliance with and performance of an irrevocable undertaking by each of the

holders of the MelcoLot 2012 CB and the MelcoLot 2013 CB in favour of MelcoLot and the Underwriters not to exercise the conversion rights attached to the MelcoLot 2012 CB and the MelcoLot 2013 CB, such undertaking shall be in the agreed form;

- (6) compliance with and performance of an irrevocable undertaking by each of the holders of the MelcoLot Excluded Options in favour of MelcoLot and the Underwriters not to exercise the share options;
- (7) the Executive Director of the SFC or his delegate granting the Whitewash Waiver to the Underwriters and parties acting in concert with them and the satisfaction of all conditions (if any) attached to the Whitewash Waiver granted;
- (8) completion of the transactions contemplated under the GCH Agreement;
- (9) completion of the transactions contemplated under the Intralot Agreement;
- (10) the passing by no later than the Prospectus Posting Date by the MelcoLot Shareholders (or, where appropriate, MelcoLot Independent Shareholders) at the MelcoLot EGM, among other things, the following resolutions:
 - (i) an ordinary resolution to approve the increase in authorised capital of MelcoLot;
 - (ii) an ordinary resolution to approve the Open Offer; and
 - (iii) an ordinary resolution to approve the Whitewash Waiver;
- (11) all necessary consents and approvals required to be obtained on the part of Power Way in respect of the Underwriting Agreement and the transactions contemplated hereunder having been obtained and remaining in full force and effect;
- (12) all necessary consents and approvals required to be obtained on the part of Melco LV in respect of the Underwriting Agreement and the transactions contemplated hereunder having been obtained and remaining in full force and effect; and
- (13) if applicable, all necessary consents and approvals required to be obtained by the Company in respect of the Underwriting Agreement and the transactions contemplated hereunder having been obtained and remaining in full force and effect.

As regards the conditions set out in items 11, 12 and 13 above, as at the date of this announcement, the Company is not aware of any other consent or approval to be obtained on the part of Power Way, Melco LV and the Company other than their respective board resolutions to approve the Open Offer and the transaction contemplated thereof.

None of the conditions set out above is capable of being waived. If any of the above conditions is not fulfilled on or before the Latest Time for Termination, the Underwriters shall not have any rights or not be subject to any obligations arising from the Underwriting Agreement and the Open Offer will not proceed.

The Board wishes to emphasize that the Open Offer is inter-conditional with the completion of the GCH Agreement and Intralot Agreement which in turn are subject to the MelcoLot Independent Shareholders' approval of, including among others, (a) an ordinary resolution of MelcoLot to approve the Whitewash Waiver; and (b) approval of the off-market repurchase of the MelcoLot 2012 CB and MelcoLot 2013 CB by at least three-fourths of the votes cast on a poll by MelcoLot Independent Shareholders in attendance in person or by proxy at the MelcoLot EGM and the applicable requirements under the Codes. As such, the Open Offer may or may not proceed. Shareholders and potential investors are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the Open Offer will be made by the Company as and when appropriate.

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination:

- (1) in the reasonable opinion of any of the Underwriters, the success of the Open Offer would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of any of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the MelcoLot Group as a whole or is materially adverse in the context of the Open Offer; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of any of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the MelcoLot Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of any of the Underwriters is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (3) there is any change in the circumstances of MelcoLot or any member of the MelcoLot Group which in the reasonable opinion of any of the Underwriters will adversely affect the prospects of MelcoLot, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the

liquidation or winding up or similar event occurring in respect of any member of the MelcoLot Group or the destruction of any material asset of the MelcoLot Group; or

- (4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (5) any other material adverse change in relation to the business or the financial or trading position or prospects of the MelcoLot Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (6) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the reasonable opinion of any of the Underwriters, a material omission in the context of the Open Offer; or
- (7) any suspension in the trading of securities generally or MelcoLot's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the announcement and the relevant circular of MelcoLot in respect of the Open Offer, the Prospectus Documents or other announcements or circulars of MelcoLot in connection with the Open Offer,

either Underwriter shall be entitled by notice in writing to MelcoLot and the other Underwriter, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriting Agreement further contains provisions that either Underwriter shall be entitled by notice in writing to MelcoLot and the other Underwriter to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (a) any material breach of any of the representation, warranties or undertakings under the Underwriting Agreement comes to the knowledge of any of the Underwriters; or
- (b) any specified event described in the Underwriting Agreement comes to the knowledge of the Underwriter.

If the Underwriting Agreement is terminated by the Underwriters on or before the Latest Time for Termination or does not become unconditional, the Open Offer will not proceed.

INFORMATION ON MELCOLOT

MelcoLot is a company incorporated in the Cayman Islands and the issued shares of which are listed on the GEM. MelcoLot is primarily an investment holding company and its subsidiaries are principally engaged in lottery business in the PRC.

According to the audited consolidated financial statements of MelcoLot, the revenue, the loss from operation for the financial year ended 31 December 2010 was approximately HK\$80.6 million and HK\$171.3 million respectively. According to the audited consolidated financial statements of MelcoLot, the revenue, loss from operation for the financial year ended 31

December 2011 was approximately HK\$96.6 million and HK\$215.9 million respectively. The audited total assets of MelcoLot Group as at 31 December 2011 were approximately HK\$304.5 million and the audited net liabilities of MelcoLot Group as at 31 December 2011 were approximately HK\$590.5 million.

The Open Offer is part of the group reorganization of MelcoLot which also includes, among other matters, (i) the very substantial disposal and repurchase of the MelcoLot 2013 CB as contemplated under the Intralot Agreement; and (ii) the very substantial disposal and repurchase of the MelcoLot 2012 CB held by GCH as contemplated under the GCH Agreement.

The group reorganization of MelcoLot is intended to (i) realign the focus of the MelcoLot Group to lottery terminal distribution business in the PRC and divest the capital intensive manufacturing operations, which has been affected by the prolonged delay of the new equipment procurement cycle of the China Lottery Sports Administration Centre; (ii) reduce the liabilities of the MelcoLot Group by the repurchases of certain convertible bonds, the repayment of loan owed to Power Way and the proceeds to be raised from the Open Offer; (iii) improve its gearing ratio; (iv) remove the uncertainty over MelcoLot's financial position to pay all of the outstanding remaining balance under the Power Way Loan, the MelcoLot 2013 CB and part of the MelcoLot 2012 CB; and (v) provide additional working capital for MelcoLot Group's operations.

For further information on MelcoLot, the group reorganisation and the transaction contemplated thereunder including but not limited to the Whitewash Waiver and the MelcoLot CB Repurchase, please refer to the announcement of MelcoLot dated 14 August 2012 regarding among others, details of the Open Offer, the GCH Agreement, the Intralot Agreement and the MelcoLot CB Repurchase.

REASONS FOR THE UNDERWRITING

The Company and its subsidiaries are principally engaged in leisure, gaming and entertainment and other investments.

As at the date of this announcement, MelcoLot has (i) outstanding convertible bonds in the principal amount of HK\$883,975,310 (comprising the MelcoLot 2012 CB in the principal amount of HK\$606,800,000 and the MelcoLot 2013 CB in the principal amount of HK\$277,175,310); and (ii) the Power Way Loan, being the aggregate principal amount of loan and the interest accrued thereon of approximately HK\$89,338,196 owed by MelcoLot to Power Way as at 31 May 2012. Upon completion of the GCH Agreement and the Intralot Agreement, the entire Intralot 2013 Convertible Bonds and part of the 2012 Convertible Bonds in the principal amount of HK\$175,188,566 will be cancelled. Further, upon completion of the Open Offer, the Power Way Loan will be set off either in part or in full. As such, the liabilities of the MelcoLot Group will be reduced significantly from total indebtedness of approximately HK\$973,313,506 to a maximum of approximately HK\$431,611,434, of which HK\$399,505,732 being part of MelcoLot 2012 CB is still held by Melco LV (assuming the Power Way Loan being set off in full).

As mentioned above, upon completion of the group reorganization of MelcoLot, the business of MelcoLot Group will be streamlined, the gearing ratio of MelcoLot Group will be improved, the uncertainty over MelcoLot's financial position will be removed and Melco LV

will be as the major holder of the outstanding MelcoLot 2012 CB. The financial position of MelcoLot will become much healthier after the completion of the group reorganization of MelcoLot and the Group, who will retain a very significant interest in MelcoLot Group, will stand to benefit from this.

In light of the above mentioned reasons and given that the Subscription Price will be at a discount to the recent market price of MelcoLot Shares, the Directors (including the independent non-executive Directors) consider the Possible Subscription of MelcoLot is in the interest of the Company and its Shareholders as a whole.

Furthermore, the Directors, including the independent non-executive Directors, consider that the terms and conditions of the Underwriting Agreement are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

Assuming no qualifying MelcoLot Shareholders will take up any of the Offer Shares, upon completion of the Open Offer, the MelcoLot Group will become subsidiaries of the Company and its financial results will be consolidated into the accounts of the Group.

WHITEWASH WAIVER

Assuming no qualifying MelcoLot Shareholders will take up any of the Offer Shares, the taking up of the Underwritten Shares would result in the aggregate shareholdings of the Underwriters and parties acting in concert with any of them in MelcoLot being increased from approximately 28.92% to approximately 78.43% and would therefore give rise to a mandatory offer obligation on the part of the Underwriters and parties acting in concert with any of them under Rule 26 of the Takeovers Code for all of the MelcoLot Shares and other securities issued by MelcoLot not already held or agreed to be acquired by any of them and parties acting in concert with any of them unless the Whitewash Waiver is obtained.

As at the date of this announcement, the Underwriters and parties acting in concert with any of them hold, own, or have control or direction over the following MelcoLot Shares, convertible securities, warrants or options or any outstanding derivative in respect of relevant securities (as defined in note 4 to Rule 22 of the Takeovers Code) of MelcoLot:

- (a) Melco LV is (i) interested in 58,674,619 MelcoLot Shares, representing approximately 11.67% of the existing issued share capital of MelcoLot; and (ii) one of the holders of MelcoLot 2012 CB in the principal amount of HK\$399,505,732, which entitles Melco LV to subscribe for 470,006,743 MelcoLot Shares upon the exercise of the conversion rights attached thereto in full;
- (b) Power Way is owned as to 58.70%, 28.87%, and 12.43% by Melco LV, GCH and LottVision Investments Holdings Limited, respectively;
- (c) Ms. Man Yim Ping, Anne, the spouse of Mr. Li Kin Keung, Dennis, a director of Power Way, is interested in 48,000 MelcoLot Shares (representing approximately 0.01% of the issued share capital of MelcoLot) and certain directors of Melco LV and Power Way are interested in MelcoLot Share Options which will enable them to subscribe for a total of 37,778,000 MelcoLot Shares if such options are exercised in full;

- (d) Intralot is (i) interested in 52,973,779 MelcoLot Shares, representing approximately 10.53% of the existing issued share capital of MelcoLot; (ii) one of the holders of MelcoLot 2012 CB and the sole holder of MelcoLot 2013 CB, which entitles Intralot thereof to subscribe for 296,667,190 MelcoLot Shares upon the exercise of the conversion rights attached thereto in full;
- (e) GCH is (i) interested in 20,787,042 MelcoLot Shares, representing approximately 4.13% of the existing issued share capital of MelcoLot; and (ii) one of the holders of MelcoLot 2012 CB in the principal amount of HK\$175,188,566, which entitles GCH to subscribe for 206,104,195 MelcoLot Shares upon the exercise of the conversion rights attached thereto in full; and
- (f) Firich is (i) interested in 12,977,498 MelcoLot Shares, representing approximately 2.58% of the existing issued share capital of MelcoLot; and (ii) one of the holders of MelcoLot 2012 CB in the principal amount of HK\$17,677,251, which entitles Firich to subscribe for 20,796,766 MelcoLot Shares upon the exercise of the conversion rights attached thereto in full.

Save as disclosed above, the Underwriters and the parties acting in concert with any of them did not hold, own or has control or direction over any other MelcoLot Shares, convertible securities, warrants or options of MelcoLot or any outstanding derivative in respect of relevant securities (as defined in note 4 to Rule 22 of the Takeovers Code) of MelcoLot.

The Underwriters or the parties acting in concert with any of the Underwriters have not dealt in any MelcoLot Shares, convertible securities, warrants or options of MelcoLot or any outstanding derivative in respect of relevant securities (as defined in note 4 to Rule 22 of the Takeovers Code) of MelcoLot in the six months prior to the date of this announcement.

An application will be made by the Underwriters to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the MelcoLot Independent Shareholders at the MelcoLot EGM by way of poll, which each of the Underwriters and the parties acting in concert with any of them and MelcoLot Shareholders who are involved in or interested in the Open Offer and Whitewash Waiver will abstain from voting on the relevant resolution(s) to approve the Open Offer, the Underwriting Agreement and the Whitewash Waiver. It is a condition precedent to the completion of the Open Offer that the Whitewash Waiver is granted by the Executive. If the Whitewash Waiver is not granted by the Executive, the Open Offer will not proceed.

A circular containing further details regarding, among other things, the Open Offer, the MelcoLot CB Repurchase and the Whitewash Waiver will be despatched by MelcoLot to its Shareholders pursuant to the Listing Rules and the Codes.

The Directors (including the independent non-executive Directors) believe that the Whitewash Waiver is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, none of the Underwriters or the parties acting in concert with any of the Underwriters has dealt in any MelcoLot Shares, convertible securities, warrants or options of MelcoLot or any outstanding derivative in respect of relevant securities

(as defined in note 4 to Rule 22 of the Takeovers Code) of MelcoLot in the six months prior to the date of this announcement. As at the date of this announcement:

- (i) there was no person who had irrevocably committed themselves to vote for or against the resolution(s) to be proposed at the MelcoLot EGM to approve the Intralot Agreement, the GCH Agreement, the MelcoLot CB Repurchases, the Open Offer, the Underwriting Agreement and the Whitewash Waiver;
- (ii) there was no arrangement, other than the MLV Undertaking, referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the MelcoLot Shares or shares of any of the Underwriters and which might be material to the transactions contemplated under the Intralot Agreement, the GCH Agreement, the MelcoLot CB Repurchases, the Open Offer, the Underwriting Agreement and the Whitewash Waiver;
- (iii) save for the Intralot Agreement, the GCH Agreement and the Underwriting Agreement, there are no agreements or arrangements to which any of the Underwriters are a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Intralot Agreement, the GCH Agreement, the MelcoLot CB Repurchases, the Open Offer, the Underwriting Agreement and the Whitewash Waiver; and
- (iv) there was no MelcoLot Shares or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of MelcoLot have been borrowed or lent by the Underwriters and parties acting in concert with any of them.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“acting in concert”	has the meaning ascribed thereto under the Codes
“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday, or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Codes”	together, the Takeovers Code and the Repurchase Code
“Companies Ordinance”	the Companies Ordinance of Hong Kong (Chapter 32, the laws of Hong Kong)
“Company”	Melco International Development Limited, a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the main board of the Stock Exchange

“Director(s)”	the director(s) of the Company
“Executive”	Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)
“Firich”	Firich Enterprises Co., Ltd., a company with its shares listed on the Taiwan Gre Tai Securities Market, a MelcoLot Shareholder and one of the holders of the MelcoLot 2012 CB, and a party acting in concert with the Company in MelcoLot
“GCH”	Global Crossing Holdings Ltd., a company incorporated in Independent State of Samoa with limited liability, which is a MelcoLot Shareholder and a holder of the MelcoLot 2012 CB in the principal amount of HK\$175,188,566, and a party acting in concert with the Company in MelcoLot
“GCH Agreement”	the agreement dated 26 June 2012 and entered into between GCH and MelcoLot in respect of the disposal of 60% equity interest in Oasis Rich International Ltd. (an indirect non wholly-owned subsidiary of MelcoLot) by MelcoLot and the repurchase by MelcoLot of the MelcoLot 2012 CB held by GCH
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“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
“Intralot”	Intralot International Limited, a company incorporated in the Republic of Cyprus with limited liability. As at the date of this announcement, Intralot is a substantial MelcoLot Shareholder, one of the holders of the MelcoLot 2012 CB in the principal amount of HK\$14,428,451, and the sole holder of the MelcoLot 2013 CB, and a party acting in concert with the Company in MelcoLot
“Intralot Agreement”	the agreement dated 26 June 2012 and entered into among Intralot, Rising Move International Limited (a wholly-owned subsidiary of MelcoLot) and MelcoLot in respect of the disposal of the entire equity interests in Gain Advance Group Limited (a wholly owned subsidiary of MelcoLot) and 49% equity interests in Precious Success Holdings Limited (a wholly-owned subsidiary of MelcoLot) by Rising Move International Limited to Intralot and the

	repurchase by MelcoLot of the MelcoLot 2013 CB
“Latest Acceptance Date” or “Latest Time for Acceptance”	4:00 p.m. on 1 November 2012 or such later time or date as MelcoLot may reasonably decide (which shall not be later than 31 December 2012), being the latest time for acceptance of, and payment for, the Offer Shares as described in the Prospectus
“Latest Time for Termination”	6:00 p.m. on the third business day after the Latest Time for Acceptance or such later time or date as the Underwriters may reasonably decide and inform MelcoLot in writing, being the latest time to terminate the Underwriting Agreement
“Last Trading Date”	26 June 2012, being the last trading day of the MelcoLot Shares prior to the release of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Melco LV”	Melco LottVentures Holdings Limited, a company incorporated in the British Virgin Islands with limited liabilities and a wholly-owned subsidiary of the Company
“MelcoLot”	MelcoLot Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM
“MelcoLot 2012 CB”	the 0.1% convertible bonds due on 13 December 2012 in the principal amount of HK\$606,800,000, which is owned as to (i)HK\$399,505,732 by Melco LV; (ii) HK\$175,188,566 by GCH; (iii) HK\$17,677,251 by Firich; and (iv) HK\$14,428,451 by Intralot, entitling the holders of which to subscribe for 713,882,352 MelcoLot Shares upon exercise of the conversion rights attached thereto in full
“MelcoLot 2013 CB”	the 0.1% convertible bonds due on 9 December 2013 in the principal amount of HK\$277,175,310, which entitle Intralot to subscribe for 279,692,542 MelcoLot Shares upon the exercise of the conversion rights attached thereto in full
“MelcoLot CB Repurchase”	the repurchase of the MelcoLot 2012 CB, MelcoLot 2013 CB by MelcoLot and subject to the requirements under Rule 2 of the Repurchase Code
“MelcoLot Excluded Options”	a total of 37,778,000 MelcoLot Share Options granted under the share option scheme approved by the MelcoLot Shareholders on 20 April 2002 to parties acting in concert with any of the Underwriters

“MelcoLot EGM”	an extraordinary general meeting of MelcoLot to be convened to consider and, if thought fit, to approve, among other things, Open Offer, MelcoLot CB Repurchases, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder
“MelcoLot Group”	MelcoLot and its subsidiaries
“MelcoLot Independent Shareholders”	the shareholders of MelcoLot, other than (i) Melco LV, Intralot, Firich and GCH together with their respective associates and parties acting in concert with them; (ii) those who are involved in or interested in the Intralot Agreement, the GCH Agreement, the MelcoLot CB Repurchases, the Open Offer, the Whitewash Waiver and the proposed increase in authorised share capital of MelcoLot; and (iii) those who are required to abstain from voting in the MelcoLot EGM pursuant to the Codes and the relevant Listing Rules
“MelcoLot Share Options”	the 111,160,000 share options granted under the share option scheme approved by the MelcoLot Shareholders on 20 April 2002 outstanding as at the date of this announcement
“MelcoLot Shareholders”	holders of the MelcoLot Shares
“MelcoLot Shares”	ordinary share(s) of HK\$0.01 each in the share capital of MelcoLot
“MLV Undertaking”	the irrevocable undertaking given by Melco LV in favour of MelcoLot pursuant to the Underwriting Agreement
“Non Public Shareholders”	either (a) a director, chief executive of or substantial shareholder of MelcoLot or any of its subsidiaries or an associate of any of them (the “ Persons ”); or (b) any person whose acquisition of securities of MelcoLot has been financed directly or indirectly by the Persons; or (c) any person who is accustomed to taking instructions from the Persons in relation to the acquisition, disposal, voting or other disposition of MelcoLot Shares registered in his name or otherwise held by him; or (d) any person or corporation which in the opinion of the Stock Exchange that he/she/it shall be deemed to be a Non Public Shareholder.

For the avoidance of doubt, Intralot should be regarded as Non Public Shareholder.

“Open Offer”	the proposed issue of Offer Shares on the basis of three (3) Offer Shares for every one (1) MelcoLot Share to the qualifying MelcoLot Shareholders at the Subscription Price, pursuant to the terms and conditions of the Prospectus Documents
“Offer Share(s)”	not less than 1,508,900,799 new MelcoLot Shares and not more than 1,729,046,799 new MelcoLot Shares to be allotted and issued under the Open Offer
“Possible Subscription”	the possible subscription of the Offer Shares by the Group as contemplated under the Underwriting Agreement
“Power Way”	Power Way Group Limited, a company incorporated in the British Virgin Islands with limited liability, in which, as at the date of this announcement, approximately 58.70% equity interest is owned by Melco LV, approximately 28.87% and approximately 12.43% equity interest are owned by GCH and LottVision Investments Holdings Limited, respectively. Under a sale and purchase agreement dated 19 September 2011, Melco LV and GCH have agreed to acquire approximately 8.33% and 4.10% additional shareholdings in Power Way from LottVision Investments Holdings Limited, respectively, completion of which is subject to completion of the Open Offer. However, completion of such acquisition is not a pre-condition of the Open Offer. Upon the completion of such acquisition, Power Way will be owned as to 67.03% and 32.97% by Melco LV and GCH
“Power Way Loan”	the aggregate principal amount of loan and the interest accrued thereon of approximately HK\$89,338,196 owed by MelcoLot to Power Way as at 31 May 2012
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administration Region of the PRC and Taiwan
“Prospectus”	the prospectus to be issued by MelcoLot in relation to the Open Offer
“Prospectus Documents”	the Prospectus and the application form to be used by the qualifying MelcoLot Shareholders to apply for the Offer Shares
“Prospectus Posting Date”	17 October 2012 or such later date as MelcoLot may reasonably decide for the despatch of the Prospectus Documents

“Record Date”	12 October 2012 or such other date as MelcoLot may reasonably decide for the determination of the entitlements under the Open Offer
“Repurchase Code”	the Hong Kong Code on Share Repurchases
“Set Off”	the set off of the Power Way Loan in order to settle the underwriting obligation of Power Way and the payment obligation of Power Way in accordance with the Underwriting Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	ordinary share(s) of HK\$0.5 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	subscription price of HK\$0.078 per Offer Share
“substantial shareholder(s)”	has the meaning as defined in the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriters”	together, Melco LV and Power Way
“Underwriting Agreement”	the underwriting agreement dated 14 August 2012 entered into among the Underwriters and MelcoLot in relation to the Open Offer
“Underwritten Shares”	in aggregate 1,273,566,615 Offer Shares to be underwritten by the Underwriters, of which a maximum of 1,145,361,487 Offer Shares will be underwritten by Power Way and a maximum of 128,205,128 Offer Shares will be underwritten by Melco LV pursuant to the terms of the Underwriting Agreement
“Whitewash Waiver”	the whitewash waiver from the obligation of the Underwriters and parties acting in concert with it to make a mandatory offer for the MelcoLot Shares under Rule 26 of the Takeovers Code as a result of the underwriting of the Offer Shares under the Underwriting Agreement pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code
“%”	per cent.

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

Hong Kong, 14 August 2012

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, Mr. Sham Sui Leung, Daniel and Dr. Tyen Kan Hee, Anthony.

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.