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MelcoLot Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8198)



Melco International Development Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code : 200)

JOINT ANNOUNCEMENT

**DISCLOSEABLE AND
CONNECTED TRANSACTION
RELATING TO
SUBSCRIPTION OF SHARES BY
SUBSCRIBERS
AND
DEEMED DISPOSAL OF
EQUITY INTEREST
IN EXPRESS WEALTH ENTERPRISE
LIMITED**

**CONNECTED TRANSACTION
RELATING TO
SUBSCRIPTION OF SHARES BY
SUBSCRIBERS
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DEEMED DISPOSAL OF
EQUITY INTEREST
IN EXPRESS WEALTH ENTERPRISE
LIMITED**

The MelcoLot Board and the Melco Board are pleased to announce that on 20 November 2014, MelcoLot, the Subscribers and SPV entered into the Subscription Agreement relating to the Subscription by the Subscribers of interests in SPV. SPV is a special purpose company wholly-owned by MelcoLot and formed for the purpose of obtaining the Gaming Licence and to undertake the Casino Project.

Pursuant to the Subscription Agreement, Firich has agreed to subscribe for the 5,530 new SPV Shares at consideration of US\$50,000,000 (equivalent to approximately HK\$389,000,000) and Oz has agreed to subscribe for 200 new SPV Shares at a consideration of US\$200 (equivalent to approximately HK\$1,560).

The Subscription Agreement contemplates that, out of the 5,530 new SPV Shares that Firich has agreed to subscribe for, Firich will endeavour to procure that 1,535 new SPV Shares be allocated to and taken up by RD and 833 new SPV Shares be allocated to and taken up by Syncmold, simultaneously upon Closing.

Assuming Firich has allocated 1,535 and 833 new SPV Shares to RD and Syncmold, respectively, upon Closing, the equity interests in SPV will be held as to approximately 42.70% by MelcoLot, approximately 31.62% by Firich, approximately 15.35% by RD, approximately 8.33% by Syncmold and approximately 2.00% by Oz. MelcoLot, SPV, the Subscribers, RD and Syncmold will enter into a shareholders agreement at Closing to regulate the relative rights and obligations between the respective shareholders of SPV in respect of their participation in SPV and its business and operations.

It is intended that SPV will utilise the net proceeds from the Subscription of approximately US\$49,890,000 (equivalent to approximately HK\$388,144,000) to fund the costs and expenses related to securing the lease arrangements in respect of the project site of the Casino Project and payments under that lease, and the general development, implementation and running of the Casino Project.

The Subscription will constitute a deemed disposal of MelcoLot's equity interest in SPV under Chapter 19 of the GEM Listing Rules. As the highest of the percentage ratios (as set out in Rule 19.07 of the GEM Listing Rules) applicable to MelcoLot in respect of the Subscription exceeds 5% but is less than 25%, the Subscription constitutes a discloseable transaction for MelcoLot and is, therefore, subject to the announcement requirements under Chapter 19 of the GEM Listing Rules.

Firich is a substantial shareholder (as defined in the GEM Listing Rules) of BTI, a subsidiary of MelcoLot. Pursuant to GEM Listing Rule 20.99, as Firich is a connected person at the subsidiary level of MelcoLot and the MelcoLot Board has approved the transaction contemplated by the Subscription, the Subscription is exempt from the circular, independent financial adviser and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. The independent non-executive MelcoLot Directors have confirmed that the terms of the transaction contemplated hereunder are fair and reasonable, the transaction is on normal commercial terms or better and in the interest of MelcoLot and the MelcoLot Shareholders as a whole.

As none of the MelcoLot Directors has a material interest in the Subscription, no MelcoLot Director was required to abstain from voting on the MelcoLot Board resolutions approving it and the transactions contemplated thereunder.

The Subscription will constitute a deemed disposal of Melco's indirect interest in SPV under Chapter 14 of the Listing Rules. As the highest of the percentage ratios (as set out in Rule 14.07 of the Listing Rules) applicable to Melco in respect of the Subscription is less than 5% and the Subscription does not constitute a share transaction (as defined in the Listing Rules), the Subscription does not constitute a notifiable transaction for Melco and is, therefore, not subject to the requirements in Chapter 14 of the Listing Rules.

Firich is a substantial shareholder (as defined in the Listing Rules) of BTI, a subsidiary of Melco. Pursuant to Listing Rule 14A.101, as Firich is a connected person at the subsidiary level of Melco and the Melco Board has approved the transactions contemplated by the Subscription, the Subscription is exempt from the circular, independent financial adviser and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The independent non-executive Melco Directors have confirmed that the terms of the transaction contemplated hereunder are fair and reasonable, the transaction is on normal commercial terms or better and in the interest of Melco and the Melco Shareholders as a whole.

As none of the Melco Directors has a material interest in the Subscription, no Melco Director was required to abstain from voting on the Melco Board resolutions approving it and the transactions contemplated thereunder.

As Closing is conditional upon fulfilment of certain conditions precedent as set out under the heading "Conditions precedent" in this announcement, the Subscription may or may not proceed. The respective shareholders of MelcoLot and Melco and potential investors should exercise caution when dealing in the securities of MelcoLot and Melco, respectively.

The respective shareholders of MelcoLot and Melco and potential investors should note that, pursuant to guidance issued by the Stock Exchange in 2003 and Guidance Letter HKEx-GL71-14 issued by the Stock Exchange in January 2014 relating to "Gambling Activities Undertaken by Listing Applicants and/or Listed Issuers", the Stock Exchange may direct MelcoLot and/or Melco to take remedial actions and/or may suspend dealings in, or may cancel the listing of, the securities of MelcoLot pursuant to Rule 9.01 of the GEM Listing Rules and/or the securities of Melco pursuant to Rule 6.01 of the Listing Rules if the operation of the proposed gambling activities in connection with the Casino Project, if and when it becomes operational, fails to comply with applicable laws in Georgia and/or contravenes the Hong Kong Gambling Ordinance.

Introduction

The MelcoLot Board and the Melco Board are pleased to announce that on 20 November 2014, MelcoLot, the Subscribers and SPV entered into the Subscription Agreement relating to the Subscription by the Subscribers of interests in SPV. SPV is a special purpose company wholly-owned by MelcoLot and formed for the purpose of obtaining the Gaming Licence and to undertake the Casino Project.

SUBSCRIPTION AGREEMENT

The principal terms of the Subscription Agreement are set out below:

Date: 20 November 2014 (after trading hours)

Parties: (1) MelcoLot;

(2) Firich;

(3) Oz; and

(4) SPV.

Nature of transaction

As at the date of this announcement, SPV has an issued capital of 4,270 SPV Shares, all of which are owned by MelcoLot and were allotted and issued to MelcoLot at a total consideration of US\$3,000,000 (equivalent to approximately HK\$23,340,000).

Pursuant to the Subscription Agreement, the Subscribers agreed to subscribe for a total of 5,730 Subscription Shares for a total consideration of US\$50,000,200 (equivalent to approximately HK\$389,002,000), and SPV agreed to allot and issue the Subscription Shares to the Subscribers, in the following manner:

- (i) Firich has agreed to subscribe for the 5,530 Firich Subscription Shares at the Firich Consideration of US\$50,000,000 (equivalent to approximately HK\$389,000,000); and
- (ii) Oz has agreed to subscribe for the 200 Oz Subscription Shares at the Oz Consideration of US\$200 (equivalent to approximately HK\$1,560).

The Subscription Agreement contemplates that, out of the 5,530 new SPV Shares that Firich has agreed to subscribe for, Firich will endeavour to procure that 1,535 new SPV Shares be allocated to and taken up by RD and 833 new SPV Shares be allocated to and taken up by Syncmold (together representing 23.68% of the issued share capital of SPV as enlarged by the Subscription), simultaneously upon Closing. The new SPV Shares allocated to RD and Syncmold will be allotted by SPV directly to them at Closing.

If Firich is unable to procure RD and Syncmold to agree to the above allocations, Firich may endeavour to reallocate such new SPV Shares among RD, Syncmold and/or any other investors (with the prior written approval of MelcoLot).

If Firich is unable to allocate such new SPV Shares at Closing, or subsequently sell such SPV Shares to investors (with the prior written approval of MelcoLot) within 3 months following Closing, MelcoLot will be entitled for 1 month thereafter to require Firich to sell to MelcoLot the number of SPV Shares representing 8.3% of the issued share capital of SPV at the relevant time at a consideration of US\$7,504,520 (equivalent to approximately HK\$58,385,000), such that MelcoLot would own 51% of SPV after such sale. If MelcoLot exercises its right to acquire such SPV Shares from Firich, MelcoLot and Melco will comply

with all requirements under the GEM Listing Rules and the Listing Rules, respectively, which may be applicable to such acquisition.

Upon Closing and assuming Firich has allocated 1,535 and 833 new SPV Shares to RD and Syncmold, respectively, the equity interests in SPV will be held as to approximately 42.70% by MelcoLot, approximately 31.62% by Firich, approximately 15.35% by RD, approximately 8.33% by Syncmold and approximately 2.00% by Oz.

Firich Consideration

The Firich Consideration of US\$50,000,000 (equivalent to approximately HK\$389,000,000) is payable by Firich to SPV in the following manner:

- (i) upon the execution of the Subscription Agreement, Firich has settled a portion of the Firich 1st Advance Payment by unconditionally and irrevocably directing MelcoLot to release an amount of US\$320,000 (equivalent to approximately HK\$2,490,000) and procuring Syncmold to unconditionally and irrevocably direct MelcoLot to release an amount of US\$80,000 (equivalent to approximately HK\$622,000), and to apply such amounts to SPV's bank account. These amounts represent sums previously deposited by Firich and Syncmold, respectively, with MelcoLot pursuant to the MOU to be held by MelcoLot as earnest moneys for the purpose of confirming the interest of Firich and Syncmold in the Casino Project;
- (ii) within five days after the execution of the Subscription Agreement, Firich shall pay, or procure the payment of, an amount of US\$7,100,000 (equivalent to approximately HK\$55,238,000), to SPV by cash, being the remaining balance of the Firich 1st First Advance Payment;
- (iii) within five Business Days after SPV obtains the Georgian Government MOU, Firich shall pay, or procure the payment of, an amount of US\$22,500,000 (equivalent to approximately HK\$175,050,000), to SPV by cash, being the Firich 2nd Advance Payment; and
- (iv) upon Closing, Firich shall pay, or procure the payment of, an amount of US\$20,000,000 (equivalent to approximately HK\$155,600,000), to SPV by cash, being the balance of the Firich Consideration.

The Firich Consideration was determined between the parties to the Subscription Agreement based on commercial considerations including the existing capacity and potential growth of the gaming market in Georgia, on an arm's length basis.

SPV shall deposit the Firich Total Advance Payments upon receipt into a separate bank account, a portion of which (not exceeding US\$1,660,000 (equivalent to approximately HK\$12,915,000)) shall be treated by SPV as a pre-Closing fund advanced by Firich to be used for the purposes of paying for preliminary costs and expenses relating to: (i) public relations arrangements, site lease arrangements and the engagement of advisors and consultants in respect of the Casino Project; (ii) securing the Gaming Licence; and (iii) otherwise in furtherance of the Casino Project. Such preliminary costs and expenses shall be paid as to 44.70% from SPV's internal cash resources and as to 55.30% from Firich's

pre-Closing fund. SPV shall not use any other portion of the Firich Total Advance Payments for any purpose prior to Closing.

If the Georgian Government MOU cannot be obtained by the Georgian Government MOU Deadline and Firich elects to exercise its right to terminate the Subscription Agreement (other than provisions relating to costs, public disclosure, notices and process agent, governing law and submission to jurisdiction), SPV shall reimburse the remaining balance of the Firich 1st Advance Payment (after deducting the relevant proportion of any preliminary costs and expenses) to Firich without interest within 14 days after the Georgian Government MOU Deadline.

If the Georgian Government MOU is obtained by the Georgian Government MOU Deadline but Firich fails to pay the Firich 2nd Advance Payment, SPV will be entitled to elect to terminate the Subscription Agreement (except for provisions relating to costs, public disclosure, notices and process agent, governing law and submission to jurisdiction) and retain the entire amount of the Firich 1st Advance Payment, which will be treated as forfeited as liquidated damages by Firich.

If Firich fails to pay the remaining balance of the Firich Consideration referred to in (iv) above upon Closing, SPV will be entitled to elect to terminate the Subscription Agreement (except for provisions relating to costs, public disclosure, notices and process agent, governing law and submission to jurisdiction) and retain the entire amount of the Firich Total Advance Payments, which will be treated as forfeited as liquidated damages by Firich.

Oz Consideration

The Oz Consideration of US\$200 (equivalent to approximately HK\$1,560) is payable by Oz to SPV upon Closing, in cash.

The Oz Consideration was determined between the parties to the Subscription Agreement based on commercial considerations, having regard to the fact that Oz has been assisting MelcoLot and SPV in negotiations with the government of Georgia in respect of securing the Gaming Licence for SPV and in negotiations with the lessor, Dhabi, in respect of the lease for the proposed Casino Project site, on an arm's length basis.

Conditions precedent

Closing is conditional upon:

- (a) MelcoLot obtaining all necessary consents and approvals required under the GEM Listing Rules and any applicable laws and regulations for the transactions contemplated by the Subscription Agreement;
- (b) there having been no default of payment of the Firich 1st Advance Payment and the Firich 2nd Advance Payment by Firich;
- (c) the lease in respect of the Casino Project site having been agreed in form and substance to the satisfaction of MelcoLot;
- (d) the obtaining of the Georgian Government MOU; and

- (e) there having been no breach of any undertaking, agreement, covenant, representation or warranty under the Subscription Agreement, other than payment obligations of the Subscribers under the Subscription Agreement.

Condition (b) may be waived by SPV. Condition (e) may be waived by agreement between all the non-breaching parties.

If the conditions have not been satisfied or waived (if applicable) on or before the Long Stop Date:

- (i) SPV shall reimburse the remaining balance of the Firich Total Advance Payments (after deducting the relevant proportion of any incurred preliminary costs and expenses) to Firich without interest within 14 days after the Long Stop Date; and
- (ii) the Subscription Agreement will cease and terminate (except for provisions relating to costs, public disclosure, notices and process agent, governing law and submission to jurisdiction).

Shareholders agreement

Upon Closing and assuming Firich has allocated 1,535 and 833 new SPV Shares to RD and Syncmold, respectively, SPV, MelcoLot, Firich, RD, Syncmold and Oz will execute a shareholders agreement to regulate the relative rights and obligations between the respective shareholders of SPV in respect of their participation in SPV and its business and operations, including the following provisions relating to the following key matters:

1. Objects of SPV

The principal business of SPV is to own the Gaming Licence and the Casino Project, and to carry out the gaming and entertainment businesses in respect of the Casino Project and other incidental or ancillary activities.

2. Proceedings of SPV board and shareholders

The composition of the board of SPV shall be made up of seven directors, four of whom will be appointed by MelcoLot, two of whom will be appointed by Firich and one of whom will be appointed by RD. One of the directors appointed by MelcoLot shall also be the chairman of the board of SPV.

The quorum at a meeting of directors of SPV is four directors, which must include two directors appointed by MelcoLot, one director appointed by Firich and one director appointed by RD; provided that if a quorum is not present within 30 minutes after the time specified for a directors' meeting then it shall be adjourned for not less than two business days and at the adjourned meeting the quorum shall be any four directors.

All resolutions of the board of SPV and of the SPV shareholders, respectively, shall in each case be by simple majority, except for specific reserved matters relating to minority protections and other significant investment, financial, treasury, business and

governance decisions, which require the approval of SPV shareholders who together hold not less than 70% of the issued share capital of SPV.

In the case of an equality of votes at a board meeting, the chairman of the SPV board shall have a second or casting vote.

In the case of an equality of votes at a shareholders meeting, the chairman of the shareholders' meeting, who will be appointed by MelcoLot, shall have a second or casting vote.

It is intended that the terms of the shareholders agreement may be further negotiated so as to ensure that SPV will continue to be accounted for as a subsidiary of MelcoLot and Melco, respectively, and consolidated in the respective financial statements of MelcoLot and Melco following Closing.

3. Key management and operations of SPV

MelcoLot will be responsible for the management and operations of SPV, as well as maintaining relations with Dhaba and the government officials in the Georgia. The SPV Shareholder Parties shall keep each other informed on a timely basis of all material developments.

MelcoLot shall nominate the CEO of SPV who shall be responsible for the running of the SPV group's business and delegated with the power and authority to manage the business of the SPV group. The CEO shall establish an executive committee to manage the business and operations of SPV. A CFO and an internal auditor shall be recruited. All other senior executive appointments of SPV shall require the approval of the SPV board.

SPV shall enter into a management contract with Melco, or an affiliate of Melco, to provide gaming management, operational and consultancy services to SPV for an annual base fee ranging from 2.5% to 3% of gross gaming revenue generated by SPV (with a minimum base fee of US\$3 million (equivalent to approximately HK\$23,340,000)) and an annual incentive fee ranging from 5% to 10% of gaming earnings before interest, taxes, depreciations and amortizations.

SPV shall enter into a non-exclusive food and beverage management contract with RD, or an affiliate of RD, to provide the food and beverage management, operational and consultancy services to SPV.

SPV shall enter into a non-exclusive supply contract with Firich to supply tailor made gaming machines to SPV for the purposes of the Casino Project.

MelcoLot and Melco will comply with all requirements under the GEM Listing Rules and the Listing Rules, respectively, which may be applicable to the entering into of all such contracts.

4. *Subsequent funding*

The SPV shareholders agree that SPV shall primarily be financed from external debt funding sources (including banks or other money lending institutions) on terms to be agreed between the SPV board and any relevant third party lenders and that any security required in relation to such external funding shall, if possible, be provided by SPV.

If the SPV board determines that external financing is unavailable or inadequate, the shortfall shall be funded by the SPV shareholders, either in the form of equity or ordinary shareholder convertible loans, to be provided by the SPV shareholders in proportion to their respective shareholdings; provided that no SPV shareholder shall be required to provide funding unless the SPV shareholder agrees to do so and unless funding is provided simultaneously with the other SPV shareholders which have agreed to provide funding. If the board of SPV has determined that external funding is unavailable or is inadequate and that the shortfall is required to be funded by the SPV shareholders, but an SPV shareholder does not provide funding, the other SPV shareholders may, if they wish, provide the required funding, in proportion to their respective shareholdings, and the respective interest in SPV of the SPV shareholder(s) which do(es) not provide funding shall be diluted accordingly.

5. *Restrictions on transfers or further issues of SPV Shares*

The shareholders agreement provides for customary restrictions, pre-emptive rights and rights of first refusal in respect of the transfer of SPV Shares by SPV shareholders and the issue and allotment of new SPV Shares.

6. *The Gaming Authorisations and changes in the laws, regulations or policies by the government of Georgia*

In the event that:

- (i) Melco or MelcoLot (or any of their respective affiliates) or SPV or any of its subsidiaries receives a notification from any Gaming Regulator which requests MelcoLot to terminate its association with any other SPV Shareholder Party, SPV and/or the Casino Project, the failure of which will prejudice the continuation of any Gaming Authorisation held or required by any of Melco or MelcoLot (or any of their respective affiliates) or SPV or any of its subsidiaries to conduct gaming or gambling businesses in Georgia or any other relevant jurisdictions, or
- (ii) any change in the laws, regulations or policies by the government of Georgia or any other relevant jurisdictions otherwise results in any of the relationships, transactions and matters contemplated by the shareholders agreement, or the involvement of any of the SPV Shareholder Parties in the Casino Project or gaming businesses in Georgia generally, becoming unlawful,

the SPV Shareholder Parties shall negotiate in good faith and use their respective best endeavours to resolve the issues with the aim to continue the relationships, transactions and matters contemplated by the shareholders agreement to the extent possible.

If the circumstances described in (i) above arise and the SPV Shareholder Parties remain unable to resolve the issues after negotiations in good faith, MelcoLot shall have the right to make one of the following elections: (a) elect to sell all the SPV Shares it owns at the relevant time, together with all outstanding shareholder loans due to it by SPV to the other SPV Shareholder Parties at fair value by giving written notice to the other SPV Shareholder Parties on a pro rata basis in proportion to their respective shareholdings in SPV at the relevant time; (b) elect to purchase all the SPV Shares of one or more of the other SPV Shareholder Parties, together with all outstanding shareholder loans due to the such SPV Shareholders Parties at fair value; or (c) elect to sell all the SPV Shares it owns at the relevant time, together with all outstanding shareholder loans due to it by SPV, to third party purchaser(s).

If the circumstances described in (ii) above arise and the SPV Shareholder Parties are unable to resolve the issues after negotiations in good faith, each of the SPV Shareholder Parties shall have the right to make one of the elections described in (a) or (c) above.

Closing

Closing of the Subscription shall take place at 10:00 am (Hong Kong time) on the date which is the 5th Business Day after all the conditions precedent stated above have been fulfilled or waived (if applicable) at 37/F, The Centrium, 60 Wyndham Street, Central, Hong Kong, or at any other place and/or on or at any other date or time (as the case may be) as may be agreed in writing by the parties (or, where applicable, the non-defaulting parties) to the Subscription Agreement.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The MelcoLot Directors and the Melco Directors respectively believe that the subscription of the Subscription Shares by the Subscribers would provide SPV with the necessary funds and capital structure to pursue and implement the Casino Project in Georgia, on terms which are fair and reasonable and in the interests of MelcoLot and Melco and their respective shareholders as a whole.

The Casino Project represents an opportunity for the MelcoLot Group to expand its business interests into the gaming and casino sector in the developing market of Georgia. The MelcoLot Directors believe that this would provide synergies with and complement the existing lottery business of the MelcoLot Group.

FINANCIAL IMPACT OF THE SUBSCRIPTION ON MELCOLOT AND MELCO AND USE OF PROCEEDS

Following Closing, the equity interest of MelcoLot and Melco, respectively, in SPV will be diluted from 100% to approximately 42.70%. It is expected that SPV will continue to be accounted for as a subsidiary of MelcoLot and Melco, respectively, and consolidated in the respective financial statements of MelcoLot and Melco. Based on existing information available to MelcoLot and Melco, the expected gain from the Subscription would amount to approximately US\$19,584,000 (equivalent to approximately HK\$152,364,000), which is with reference to the premium of US\$4,586 (equivalent to approximately HK\$35,680) per SPV Share following the Subscription, and the net asset value per SPV Share prior to the

Subscription of US\$703 (approximately HK\$5,470). This expected gain from the Subscription will be credited to a reserve in the respective accounts of MelcoLot and Melco.

The aggregate gross proceeds of the Subscription to SPV will be US\$50,000,200 (equivalent to approximately HK\$389,002,000). The aggregate net proceeds of the Subscription to SPV after deduction of expenses will be approximately US\$49,890,000 (equivalent to approximately HK\$388,144,000).

It is intended that SPV will utilise the net proceeds from the Subscription to fund the costs and expenses related to securing the lease arrangements in respect of the project site of the Casino Project and payments under that lease, and the general development, implementation and running of the Casino Project.

IMPLICATIONS UNDER THE GEM LISTING RULES FOR MELCOLOT

The Subscription will constitute a deemed disposal of MelcoLot's equity interest in SPV under Chapter 19 of the GEM Listing Rules.

As the highest of the applicable percentage ratios (as set out in Rule 19.07 of the GEM Listing Rules) applicable to MelcoLot in respect of the Subscription exceeds 5% but is less than 25%, the Subscription constitutes a discloseable transaction for MelcoLot and is, therefore, subject to the announcement requirements under Chapter 19 of the GEM Listing Rules.

Firich is a substantial shareholder (as defined in the GEM Listing Rules) of BTI, a subsidiary of MelcoLot. Pursuant to GEM Listing Rule 20.99, as Firich is a connected person at the subsidiary level of MelcoLot and the MelcoLot Board has approved the transaction contemplated by the Subscription, the Subscription is exempt from the circular, independent financial adviser and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. The independent non-executive MelcoLot Directors have confirmed that the terms of the transaction contemplated hereunder are fair and reasonable, the transaction is on normal commercial terms or better and in the interest of MelcoLot and the MelcoLot Shareholders as a whole.

As none of the MelcoLot Directors has a material interest in the Subscription, no MelcoLot Director was required to abstain from voting on the MelcoLot Board resolutions approving it and the transactions contemplated thereunder.

IMPLICATIONS UNDER THE LISTING RULES FOR MELCO

The Subscription will constitute a deemed disposal of Melco's indirect interest in SPV under Chapter 14 of the Listing Rules. As the highest of the percentage ratios (as set out in Rule 14.07 of the Listing Rules) applicable to Melco in respect of the Subscription is less than 5% and the Subscription does not constitute a share transaction (as defined in the Listing Rules), the Subscription does not constitute a notifiable transaction for Melco and is, therefore, not subject to the requirements in Chapter 14 of the Listing Rules.

Firich is a substantial shareholder (as defined in the Listing Rules) of BTI, a subsidiary of Melco. Pursuant to Listing Rule 14A.101, as Firich is a connected person at the subsidiary level of Melco and the Melco Board has approved the transactions contemplated by the

Subscription, the Subscription is exempt from the circular, independent financial adviser and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The independent non-executive Melco Directors have confirmed that the terms of the transaction contemplated hereunder are fair and reasonable, the transaction is on normal commercial terms or better and in the interest of Melco and the Melco Shareholders as a whole.

As none of the Melco Directors has a material interest in the Subscription, no Melco Director was required to abstain from voting on the Melco Board resolutions approving it and the transactions contemplated thereunder.

INFORMATION ON MELCOLOT

The MelcoLot Group is engaged in the provision of lottery-related technologies, systems and solutions in the PRC. It is a distributor of high quality, versatile lottery terminals and hardware for the China Sports Lottery Administration Centre, which is the exclusive sports lottery operator in the PRC.

INFORMATION ON MELCO

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

INFORMATION ON SPV

SPV is a special purpose company wholly-owned by MelcoLot and formed for the purpose of obtaining the Gaming Licence and to undertake the Casino Project. SPV does not have any assets other than its share capital of US\$3,000,000 (equivalent to approximately HK\$23,340,000), representing proceeds from the subscription of its entire issued share capital of 4,270 SPV Shares by MelcoLot.

INFORMATION ON FIRICH

Firich is a company listed on GreTai Securities Market in Taiwan. It is primarily engaged in the manufacture, installation and maintenance of electronic gaming machines, multi-player gaming terminals, VLT and Lottery POS. Its products are widely deployed in Macau, the PRC, Taiwan, Korea, the US and a number of European countries.

Firich is a substantial shareholder (as defined in the GEM Listing Rules and the Listing Rules) of BTI, a subsidiary of MelcoLot and Melco, respectively. Accordingly, Firich is a connected person at the subsidiary level (as defined in the GEM Listing Rules and the Listing Rules) respectively of MelcoLot and Melco.

INFORMATION ON RD

RD is a company listed on the OTC Securities Exchange in Taiwan primarily engaged in the construction, development, leasing and distribution of residential and commercial buildings, apartments, commercial offices, shops and parking lots.

INFORMATION ON SYNCMOLD

Syncmold is principally engaged in the manufacture, processing and distribution of hinge products and plastic molds. It mainly provides hinges for liquid crystal display (LCD) monitors, LCD televisions and all in one computers, as well as plastic molds, which are applied in the manufacture of cathode ray tube monitors, LCD monitors, household electrical appliances, document processing machines, medical equipment and relevant peripheral products, among others. Syncmold is headquartered in Taipei County, Taiwan.

INFORMATION ON OZ

Oz is engaged in developing food and beverage and other entertainment-related businesses in Georgia, as well as interfacing with the government of Georgia in respect of formulating gaming-related regulations in Georgia.

GENERAL

To the best knowledge, information and belief of the MelcoLot Directors having made all reasonable enquiries, each of RD, Syncmold and Oz and their respective ultimate beneficial owners are third parties independent of MelcoLot and its connected persons.

To the best knowledge, information and belief of the Melco Directors having made all reasonable enquiries, each of RD, Syncmold and Oz and their respective ultimate beneficial owners are otherwise third parties independent of Melco and its connected persons.

As Closing is conditional upon fulfilment of certain conditions precedent as set out under the heading “Conditions precedent” in this announcement, the Subscription may or may not proceed. The respective shareholders of MelcoLot and Melco and potential investors should exercise caution when dealing in the securities of MelcoLot and Melco, respectively.

The respective shareholders of MelcoLot and Melco and potential investors should note that, pursuant to guidance issued by the Stock Exchange in 2003 and Guidance Letter HKEx-GL71-14 issued by the Stock Exchange in January 2014 relating to “Gambling Activities Undertaken by Listing Applicants and/or Listed Issuers”, the Stock Exchange may direct MelcoLot and/or Melco to take remedial actions and/or may suspend dealings in, or may cancel the listing of, the securities of MelcoLot pursuant to Rule 9.01 of the GEM Listing Rules and/or the securities of Melco pursuant to Rule 6.01 of the Listing Rules if the operation of the proposed gambling activities in connection with the Casino Project, if and when it becomes operational, fails to comply with applicable laws in Georgia and/or contravenes the Hong Kong Gambling Ordinance.

DEFINITIONS

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

“associate(s)”	has the same meaning ascribed to it in the GEM Listing Rules and/or the Listing Rules (whichever is applicable);
“BTI”	Beijing Telenet Information Technology Ltd. (北京電信達信息技術有限公司), a company established in the PRC and a subsidiary of MelcoLot and Melco, respectively;
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which commercial banks in Hong Kong are open for business to the general public;
“Casino Project”	a proposed casino project situated in a project site wholly-owned by Dhabi and located in Tbilisi, Georgia;
“CEO”	chief executive officer;
“CFO”	chief financial officer;
“Closing”	completion of the subscription of the Subscription Shares by the Subscribers pursuant to the Subscription Agreement;
“connected person(s)”	has the same meaning ascribed to it in the GEM Listing Rules and/or the Listing Rules (whichever is applicable);
“Dhabi”	Dhabi Group Georgia, LLC (a subsidiary of United Arab Emirates-based Dhabi Group, owned by His Highness Sheikh Nahayan Mubarak Al Nahayn, UAE Minister of Culture, Youth and Social Development);
“Firich”	Firich Enterprises Co., Ltd, a company incorporated in Taiwan with limited liability and listed on the GreTai Securities Market in Taiwan;
“Firich 1 st Advance Payment”	an aggregate amount of US\$7,500,000 (equivalent to approximately HK\$58,350,000);
“Firich 2 nd Advance Payment”	an amount of US\$22,500,000 (equivalent to approximately HK\$175,050,000);

“Firich Consideration”	an amount of US\$50,000,000 (equivalent to approximately HK\$389,000,000) being the subscription price payable by Firich to SPV for subscription and allotment of the Firich Subscription Shares;
“Firich Subscription Shares”	5,530 new SPV Shares to be subscribed by Firich and issued by SPV on Closing, representing 55.30% of the enlarged issued share capital of SPV immediately following Closing;
“Firich Total Advance Payments”	the Firich 1 st Advance Payment and the Firich 2 nd Advance Payment;
“Gaming Authorisations”	any gaming or gambling concession, sub-concession, license, consent, approval, status or regulatory authorisation issued by relevant governmental authorities required to conduct gaming business in any jurisdiction;
“Gaming Licence”	a gaming license in Georgia to enable SPV to conduct gaming businesses and activities in respect of the Casino Project for a minimum period of 15 (fifteen) years;
“Gaming Regulator”	any department, authority, commission or other body of any government in any jurisdiction with the power to regulate businesses engaged in the gaming or gambling industries;
“GEM”	the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM;
“Georgia”	the Republic of Georgia;
“Georgian Government MOU”	a memorandum of understanding or similar document to be obtained by SPV from the government of Georgia outlining the key terms for the grant of the Gaming Licence to SPV;
“Georgian Government MOU Deadline”	30 January 2015 (or such later date as Firich, SPV and MelcoLot may agree);
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the main board of the Stock Exchange;
“Long Stop Date”	4:00 p.m. on 27 February 2015 (Hong Kong time), or such other later date(s) as the parties to the Subscription Agreement may agree;

“Melco”	Melco International Development Limited, a company whose shares are listed on the main board of the Stock Exchange;
“Melco Board”	the board of directors of Melco;
“Melco Directors”	the director(s) of Melco from time to time;
“Melco Group”	Melco and its subsidiaries from time to time;
“Melco Shareholder(s)”	holder(s) of the ordinary share(s) in the share capital of Melco;
“MelcoLot”	MelcoLot Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on GEM of the Stock Exchange;
“MelcoLot Board”	the board of directors of MelcoLot;
“MelcoLot Directors”	the director(s) of MelcoLot from time to time;
“MelcoLot Group”	MelcoLot and its subsidiaries from time to time;
“MelcoLot Shareholder(s)”	holder(s) of the ordinary share(s) of HK\$0.01 each in the share capital of MelcoLot;
“MOU”	a binding memorandum of understanding entered into between, among other parties, MelcoLot and Firich in 2014 in respect of, among other things, Firich’s interest in participating in the Casino Project;
“Oz”	Oz Gaming Georgia, LLC, a company organized and existing under the laws of the Republic of Georgia;
“Oz Consideration”	an amount of US\$200 (equivalent to approximately HK\$1,560) being the subscription price payable by Oz to SPV for subscription and allotment of the Oz Subscription Shares;
“Oz Subscription Shares”	200 new SPV Shares to be subscribed by Oz and issued by SPV on Closing, representing 2.0% of the enlarged issued share capital of SPV immediately following Closing;
“PRC”	the People’s Republic of China;
“RD”	Rich Development Co. Ltd., a company incorporated in Taiwan with limited liability and listed on the OTC Securities Exchange in Taiwan;
“SPV”	Express Wealth Enterprise Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of MelcoLot;

“SPV Shareholder Party”	a shareholder of SPV who is a party to the shareholders agreement in respect of SPV at the relevant times;
“SPV Shares”	ordinary shares in the capital of SPV;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscribers”	Firich and Oz, and “Subscriber” means any one of them;
“Subscription”	the subscription of the Subscription Shares by the Subscribers pursuant to the Subscription Agreement;
“Subscription Agreement”	the subscription agreement dated 20 November 2014 entered into between MelcoLot, Firich, Oz and SPV in relation to the proposed subscription of SPV Shares by the Investors;
“Subscription Shares”	the Firich Subscription Shares and the Oz Subscription Shares;
“Syncmold”	Syncmold Enterprise Corp., a company incorporated in Taiwan with limited liability;
“US\$”	United States dollars, the lawful currency of the United States of America; and
“%”	per cent.

In this announcement, unless otherwise specified, amounts in US\$ are converted to HK\$ at conversion rates of HK\$7.78 = US\$1.00, for illustration only. No representation is made that any amounts in US\$ could have been or could be converted into HK\$ at such rate or any other rates.

The English translations of Chinese names or words in this announcement are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.

By order of the board of
MelcoLot Limited
Ko Chun Fung, Henry
Executive Director and
Chief Executive Officer

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

Hong Kong, 20 November 2014

As at the date of this announcement, the Melco Board comprises Mr. Ho, Lawrence Yau Lung[#] (Chairman and Chief Executive Officer), Mr. Tsui Che Yin, Frank[#], Mr. Chung Yuk Man, Clarence[#]; Mr. Ng Ching Wo^{*}, Sir Roger Lobo⁺, Mr. Sham Sui Leung, Daniel⁺ and Dr. Tyen Kan Hee, Anthony⁺.

[#] *Executive Director*

^{*} *Non-executive Director*

⁺ *Independent Non-executive Director*

As at the date of this announcement, the MelcoLot Board comprises Mr. Tsui Che Yin, Frank^{*} (Chairman), Mr. Ko Chun Fung, Henry[#], Mr. Tsang Yuen Wai, Samuel[#], Mr. Tam Chi Wai, Dennis[#], Mr. Tsoi, David⁺, Mr. Pang Hing Chung, Alfred⁺ and Ms. Chan Po Yi, Patsy⁺.

[#] *Executive Director*

^{*} *Non-executive Director*

⁺ *Independent Non-executive Director*

This announcement, for which the MelcoLot Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to MelcoLot. The MelcoLot Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will be available at the website of the Stock Exchange at www.hkexnews.hk and will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication and on MelcoLot’s website at www.melcolot.com.