

[For Immediate Release]

Consortium led by Melco (200 HK) injects Asian lottery-related businesses into GEM-listed Wafer Systems (8198 HK)

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(Hong Kong, October 22, 2007) --- Melco International Development Limited (“Melco”, 200 HK) today announced that a consortium formed by its wholly owned subsidiary, Melco Lottventures Holdings Limited, Taiwan-listed Firich Enterprises Co Ltd (“Firich”; 8076 TT) and Singapore-listed LottVision Ltd (“LottVision”, LottVis SI) will inject their Asian lottery businesses into GEM-listed Wafer Systems Limited (“Wafer”; 8198 HK). The transaction is subject to approvals from the relevant regulatory authorities in all three jurisdictions as well as the shareholders of Wafer.

Summary of the Transaction

A special purpose company called Power Way Group Limited (“Power Way”) will be formed and owned as to 54.8% by Melco, 26.9% by Firich and 18.3% by Lottvision.

Power Way will inject the following assets into Wafer:

- (a) 80% of its interests in PAL Development Ltd (“PAL”), a company engaged in various lottery-related businesses and ventures in China, Korea and India and;
- (b) 60% of its interests in Wu Sheng Computer Technology (Shanghai) Co Ltd (“Wu Sheng”), a company engaged in the manufacture and sales of lottery vending terminals in the PRC.

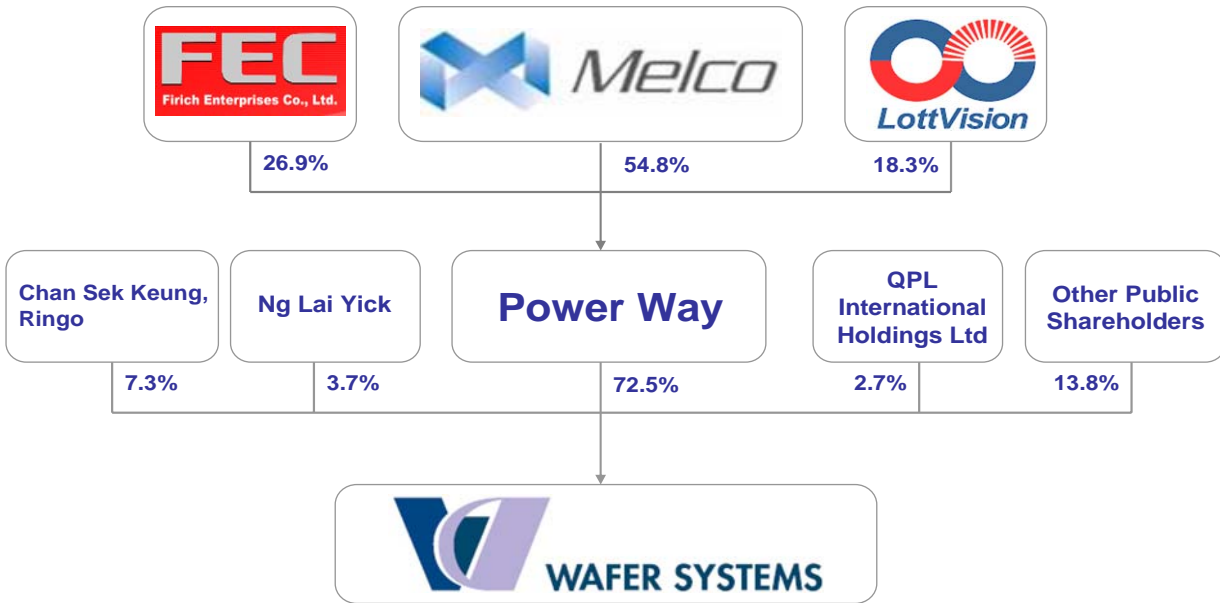
The consideration will be satisfied by the issuance of (i) 72 million new Wafer shares; and (ii) HK\$606.8 million of convertible bonds convertible into 713.9 million new Wafer shares.

Immediately upon completion of the Transaction, Wafer will be owned as to approximately 19.5% by Power Way. Should Power Way exercise its convertible bonds in full, it will own 72.5% of the enlarged issued share capital of Wafer and will become its single largest shareholder.

Shareholding Structure of Wafer

Shareholders	Prior to the Transaction		Upon Allotment and Issuance of New Shares		Upon Allotment and Issuance of New Shares and Exercise of CB in full	
	(Million Shares)	(%)	(Million Shares)	(%)	(Million Shares)	(%)
Power Way	-	-	72	19.5%	786	72.5%
Chan Sek Keung, Ringo	80	26.7%	80	21.5%	80	7.3%
Ng Lai Yick	40	13.4%	40	10.8%	40	3.7%
QPL Int'l Holdings Ltd	29	9.9%	29	7.9%	29	2.7%
Other Public Shareholders	149	50.0%	149	40.3%	149	13.8%
	298	100%	370	100%	1,084	100%

Shareholding Structure after the issuance of New Shares and Full CB Conversion



Total # of Issued Shares = Approximately 1,084 million

Note: The above structure is subject to approvals by the relevant regulatory authorities and the shareholders of Wafer.

Wafer's Businesses after the Transaction



About PAL Development Ltd (“PAL”)

PAL is engaged in various lottery-related businesses and ventures in China as well as other Asian countries including Korea and India.

Its businesses comprise the following:-

- 1) **Distribution of Lottery Vending Terminals** (otherwise known as “POS” or “Points of Sales”). This is done through Beijing Telenet Information Technology Limited (BTI), a 51%-owned subsidiary of PAL. BTI is one of the largest lottery vending terminal suppliers to the China Sports Lottery Administration Centre (“Sports Lottery”). In 2006, it supplied a total of 11,000 terminals to Sports Lottery, accounting for approximately 60% of the total number of terminals purchased by Sports Lottery in that year.

BTI boasts a nationwide distribution network spanning 22 provinces in China. This extensive network serves as a springboard for PAL to develop into other lottery-related businesses in China.

- 2) **Provision of Venue Management Services to both Welfare Lottery and Sports Lottery** via PAL Development (Beijing) Ltd (“PAL Development”), a wholly owned subsidiary of PAL. PAL Development derives its revenue from sharing 7% to 7.5% of the gross lottery sales generated from these outlets.

Sports Lottery

- PAL currently manages 510 venues in 7 provinces in China with plans to extend this network to approximately 700 venues in 12 provinces by end-2007.
- Other than traditional computerized ticket games (“CTGs”), PAL has incorporated High Frequency Games in 320 of its venues in Anhui (安徽) and Shaanxi (陝西) and expects to proliferate these games to all of its venues in 2008.
- PAL plans to sell scratch cards for Sports Lottery in all of its venues in 2008 and thereafter.
- PAL is all set to capitalize on the opportunities arising from the anticipated launch of Fixed Odds Sports Lottery in China.

Welfare Lottery

- PAL currently manages 5 venues incorporating the latest video lottery terminals (“VLTs”) in Chongqing (重慶), Inner Mongolia (內蒙古) and Shanghai (上海) with plans to extend to approximately 10 venues in 5 provinces by end-2007. Each venue is expected to house approximately 25 to 30 VLTs.
- PAL plans to sell scratch cards for welfare lottery in all of its venues in 2008 and thereafter.

3) **Wholesale distribution of Scratch Cards for both welfare lottery and sports lottery**

PAL derives its revenue from sharing 3% of the gross scratch card sales generated by its wholesale distribution network. Starting in Jinan (濟南), Shandong Province (山東省), PAL plans to operate 260 wholesale distribution points for welfare lottery in 7 provinces and another 240 wholesale distribution points for sports lottery in 4 provinces by end-2008.

4) **Operation of online lottery business** through Shandong Kai Chuang Ji Yuan, a 60%-owned subsidiary of PAL. Revenue is derived from sharing a 8.5% of the lottery sales generated from its web site www.95087.cn which is an authorised online lottery vending platform.

5) **Provision of technological solutions for Interactive Lottery Games on Mobile Phones (“Mobile Gaming”)**

PALTECH, a 60%-owned subsidiary of PAL, together with a Korean technology company, has developed a system and software application to operate interactive lottery games on mobile phones. This system is pending approvals from the regulatory authorities in China.

6) PAL is also in advanced negotiation with local partners to expand into the **Korean and Indian** lottery markets.

About Wu Sheng Computer Technology Co Ltd (“Wu Sheng”)

Wu Sheng is a Shanghai-based manufacturer of lottery vending terminals and point of sales (POS) systems. These machines are sold to both China Sports Administration Centre (“Sports Lottery”) and China Welfare Lottery Issuance Centre (“Welfare Lottery”). Firich has undertaken to provide a minimum profit guarantee in respect of Wu Sheng of **not less than HK\$30 million** for the year ending 31 December 2008.

Mr Lawrence Ho, Chairman and CEO of Melco, said, “The lottery market in China is going through an industry revolution at the moment. We have already seen substantial growth in lottery sales over the last two years due primarily to the introduction of new games such as video lottery terminals (VLTs) and scratch cards. Going forward, the proposed introduction of fixed odds sports betting and interactive mobile gaming will no doubt spur further growth. With the combined strengths of Melco, Firich and LottVision, I am confident that we will be able to make Wafer one of the leading lottery-related service providers in China and beyond.”

Mr. Bill Hsu, Chairman of Firich, said, “Lottery sales in China grew 15-fold between 1997 and 2006. Yet, in terms of lottery spend per capita, China is still very small (at US\$7 per capita) by comparison to other countries such as the US (at US\$195 per capita). With the imminent launches of new technologies, new products and new distribution platforms, I strongly believe that the market is poised for exponential growth over the next 5 years. I

am delighted to go into partnership with strong and experienced companies like Melco and LottVision and firmly believe that we will be able to deliver superior returns to the respective shareholders of all the companies concerned.”

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About Melco International Development Limited

Melco International Development Limited (“Melco”) is one of the companies with the longest history in Hong Kong. Founded in 1910, Melco was among the first one hundred companies established in the city and was listed on the Hong Kong Stock Exchange in 1927. Today, under the leadership of its Chairman & CEO Lawrence Ho, Melco is a dynamic New Generation Asian Conglomerate that leads in leisure and entertainment industry in Asia. Its promising performance and distinctive leadership in the industry are also well recognized worldwide. Melco International Development Limited is a constituent of the MSCI Hong Kong Index, part of the MSCI Standard Index Series and granted the Asia’s Best Managed Companies 2007 Award issued by FinanceAsia. For more information, please visit www.melco-group.com

About Firich Enterprises Co., Ltd

Listed in Taiwan with a market capitalization of approximately US\$1.4 bn (or approximately HK\$11 bn), Firich is principally engaged in the assembly, manufacture and trade of personal computer-based point of sales (POS) systems and peripheral equipment. Firich also provides lotto and sports lotto systems and touch terminals used in restaurants and retail businesses. It is one of the largest OEM/ODM suppliers to Intralot (INLOT AT), which is a leading global provider of gaming systems with market capitalization in excess of US\$3.3bn. Firich and Intralot have also formed a joint venture which supplies gaming equipment to the Public Welfare Lottery in Taiwan. For further information, visit www.firich.com.tw

About LottVision Limited

Listed on the Main Board of the Singapore Stock Exchange since 2002 with a market capitalization of approximately US\$102M (or approximately HK\$796M), LottVision Limited is principally engaged in the development and provision of lottery-related technology systems and services in the PRC and other Asia markets. It also provides outsourced security systems and services, such as video surveillance systems and manufacturing of special purpose devices, such as smart identity card devices. For further information, visit www.lottvision.com

About Wafer Systems Limited (Stock Code: 8198 HK)

Listed on the GEM Board of the Hong Kong Stock Exchange, Wafer Systems Limited is engaged in the provision of network infrastructure solutions in China and Hong Kong. Upon completion of this Transaction, Wafer is expected to become one of the leading lottery companies in Asia.

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