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MelcoLot Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8198)

CONTINUING CONNECTED TRANSACTIONS

PREVIOUS PURCHASE ORDERS WITH WU SHENG

The Group is principally engaged in the sale of the lottery terminals and hardware. The purchase of lottery terminals and hardware from Wu Sheng by BTI is on a recurring or ongoing basis.

Prior to the Company's recent annual background check against the Oasis Group conducted in September 2014, to the best of the Company's knowledge, information and belief, the Company believed that each of Wu Sheng, Oasis Rich and GCH and its ultimate beneficial owners was Independent Third Party. However, during the said recent annual background check, the Company was informed that, unknown to the Company, there was a change of shareholdings of Oasis Rich on 7 March 2014. As a result, since 7 March 2014 and up to the date of this announcement, Wu Sheng is an indirect wholly-owned subsidiary of GoReward which is owned as to 50.002% by GCH and 49.998% by Intralot. Intralot also holds 49% of Precious Success, a non wholly-owned subsidiary of the Company. Intralot is therefore a connected person of the Company as defined in the GEM Listing Rules by virtue of its being a substantial shareholder of Precious Success. Wu Sheng, being an indirect wholly-owned subsidiary of GoReward, is an associate of Intralot and, therefore, is also a connected person of the Company as defined in the GEM Listing Rules since 7 March 2014.

During the period from 7 March 2014 to 30 September 2014, BTI had entered into the Previous Purchase Orders involving the purchase of lottery terminals and hardware of approximately HK\$20 million, which were not identified as continuing connected transactions at the material times due to the fact that the Company had no knowledge of the change of shareholdings of Oasis Rich on 7 March 2014 and such fact was not revealed to the Company until the said Company's annual background check conducted in September 2014. However, the entering into of the Previous Purchase Orders and the transactions thereunder were with hindsight continuing connected transactions subject to the reporting, announcement and annual review requirements but exempted from the independent Shareholders' approval requirement pursuant to Rule 20.99 of the GEM Listing Rules.

FUTURE CONTINUING CONNECTED TRANSACTIONS

On 22 October 2014, BTI entered into the Purchase Agreement with Wu Sheng whereby BTI will purchase from Wu Sheng the Products.

The Purchase Agreement has a term of three years commencing from the Commencement Date. For each of the four years ending 31 December 2014, 2015, 2016 and 2017, the Purchase Caps will be HK\$50 million, HK\$150 million, HK\$200 million and HK\$180 million respectively.

The Purchase Agreement and the transactions thereunder (including the Purchase Caps) constitute continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules, and are subject to the reporting, announcement and annual review requirements but exempted from the independent Shareholders' approval requirement pursuant to Rule 20.99 of the GEM Listing Rules.

BUSINESSES WITH WU SHENG AND ITS CHANGE OF STATUS

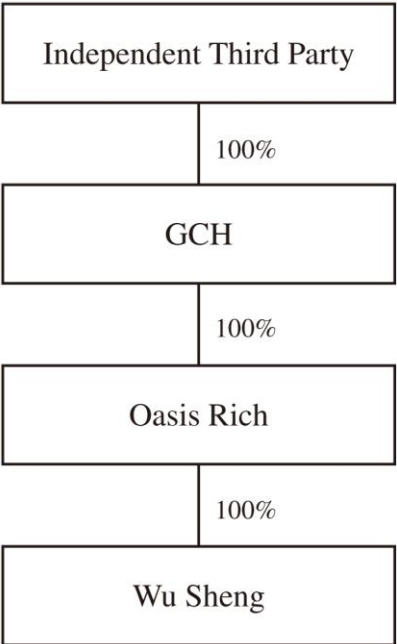
The Group is engaged in the provision of lottery-related technologies, systems and solutions in the PRC. The Group is a distributor of high quality, versatile lottery terminals and hardware for the China Sports Lottery Administration Centre, which is the exclusive sports lottery operator in the PRC.

Before completion of Disposal, Wu Sheng was an indirect non wholly-owned subsidiary of the Company and is principally engaged in the manufacturing of lottery terminals. Upon completion of the Disposal on 12 November 2012, BTI, an indirect non wholly-owned subsidiary of the Company, has been continuing to purchase the lottery terminals and hardware from Wu Sheng on a recurring or ongoing basis. During the period from the completion of the Disposal up to the Company's recent annual background check against the Oasis Group conducted in September 2014, to the best of the Company's knowledge, information and belief, the Company believed that each of Wu Sheng, Oasis Rich and GCH and its ultimate beneficial owners was Independent Third Party.

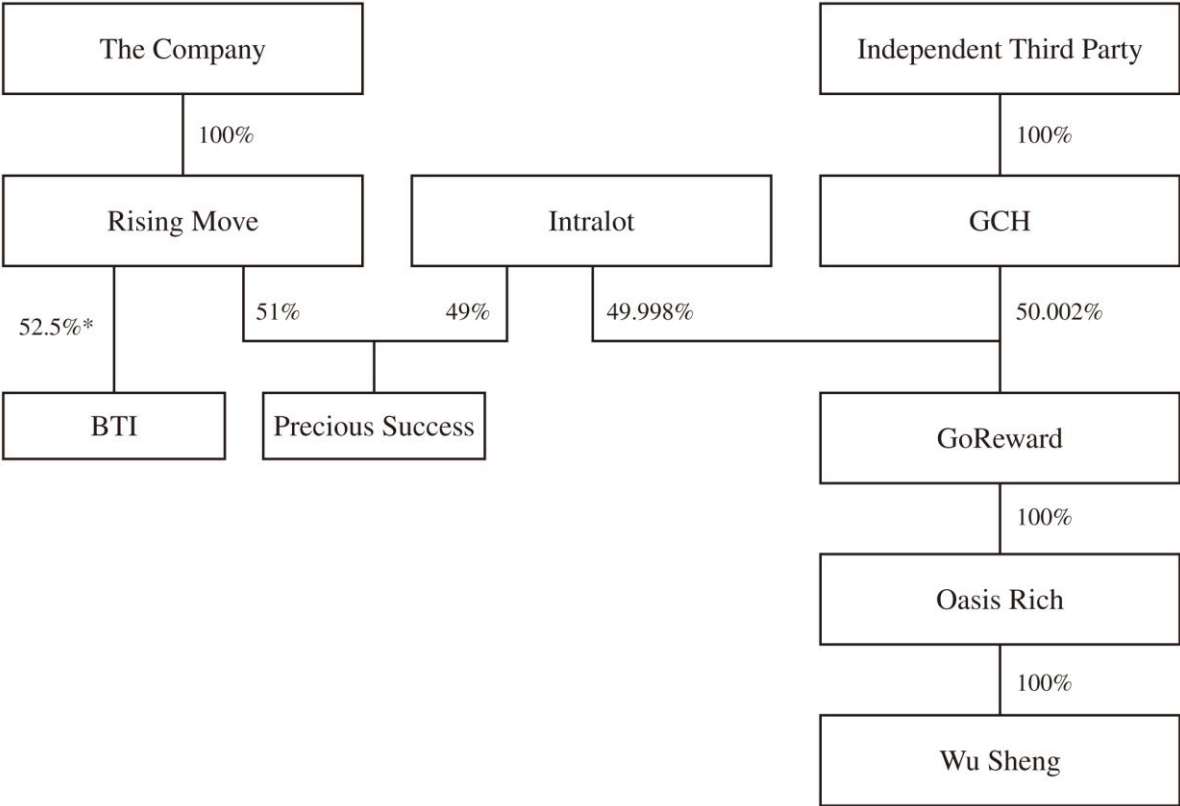
However, during the Company's recent annual background check mentioned in the foregoing paragraph, the Company was informed by an employee of Wu Sheng that Oasis Rich has been held by GoReward instead of GCH since 7 March 2014. Upon further enquiry about the shareholdings of GoReward, the Company was given to understand that GoReward is owned as to 50.002% by GCH and 49.998% by Intralot, which also holds 49% of Precious Success, a non wholly-owned subsidiary of the Company. Intralot is therefore a connected person of the Company as defined in the GEM Listing Rules by virtue of its being a substantial shareholder of Precious Success. Wu Sheng, being an indirect wholly-owned subsidiary of GoReward, is an associate of Intralot and, therefore, is also a connected person of the Company as defined in the GEM Listing Rules since 7 March 2014.

Set out below are the shareholdings of the Oasis Group (i) immediately before 7 March 2014; and (ii) from 7 March 2014 up to the date of this announcement:

Immediately before 7 March 2014



From 7 March 2014 up to the date of this announcement



* indirect shareholding controlled by the Company

PREVIOUS PURCHASE ORDERS WITH WU SHENG

The Group is principally engaged in the sale of the lottery terminals and hardware. The purchase of lottery terminals and hardware from Wu Sheng by BTI is on a recurring or ongoing basis. During the period from 7 March 2014 to 30 September 2014, BTI had entered into the Previous Purchase Orders involving the purchase of lottery terminals and hardware of approximately HK\$20 million. Due to the fact that the Company has no knowledge of the change of shareholdings of Oasis Rich on 7 March 2014 and such fact was not revealed to the Company until the Company's recent annual background check against the Oasis Group conducted in September 2014, the Previous Purchase Orders were not identified as continuing connected transactions at the material times.

Set out below is a summary of the principal terms of and the basis for entering into the Previous Purchase Orders:

- (a) purchase of lottery terminals and hardware by BTI from Wu Sheng was conducted under the standard purchase orders and was entered into on the occasion of each separate purchase between BTI and Wu Sheng;
- (b) each purchase order placed by BTI to Wu Sheng is on an arm's length basis and on normal commercial terms;
- (c) the price at which lottery terminals and hardware were purchased by BTI from Wu Sheng is determined by reference to prevailing market prices; and
- (d) payment due from BTI in respect of the lottery terminals and hardware sold by Wu Sheng are payable by BTI within 180 days, which is a normal credit period payable by BTI to its suppliers.

After the said Company's annual background check conducted in September 2014, the Company is able to realize that Wu Sheng is a Company's connected person since 7 March 2014. As a result, the entering into of the Previous Purchase Orders and the transactions thereunder between 7 March 2014 to 30 September 2014 were with hindsight continuing connected transactions subject to the reporting, announcement and annual review requirements but exempted from the independent Shareholders' approval requirement pursuant to Rule 20.99 of the GEM Listing Rules.

FUTURE CONTINUING CONNECTED TRANSACTIONS

On 22 October 2014, BTI, an indirect non wholly-owned subsidiary of the Company entered into the Purchase Agreement with Wu Sheng whereby BTI will purchase from Wu Sheng the Products. Salient terms of the Purchase Agreement are set out below:

The Purchase Agreement

Date: 22 October 2014

Parties involved: (1) BTI; and
(2) Wu Sheng

Term: Three years ending 21 October 2017

Products and Purchase Caps

Pursuant to the Purchase Agreement, BTI will purchase the Products from Wu Sheng. The Purchase Caps for each of the four years ending 31 December 2014, 2015, 2016 and 2017 will be HK\$50 million, HK\$150 million, HK\$200 million and HK\$180 million respectively.

The Purchase Caps are determined based on (i) the historical amount of purchase of the Products from Wu Sheng by BTI which were approximately HK\$91 million, HK\$84 million, and HK\$45 million for each of the past three years ended 31 December 2011, 2012 and 2013 respectively; and (ii) the expected volume of Products that would need to be purchased by BTI in each of the four years ending 31 December 2014, 2015, 2016 and 2017 in order to meet its expected sales of the Products after taking into account the expected growth rate in the lottery market in the PRC and the commencement of new procurement cycle of the lottery machines in early 2013. The Directors (including the independent non-executive Directors) believe that the increment of Purchase Caps will reasonably reflect the growth of the lottery business of the Company.

The purchase prices of the Products will be reviewed and agreed between the parties to the Purchase Agreement every year and will be determined based on normal commercial terms with reference to the manufacturing costs or purchase costs of the Products by Wu Sheng and such purchase prices will be no less favourable to BTI than that offered from Independent Third Parties.

Conditions of the Purchase Agreement

The Purchase Agreement is unconditional.

Reasons for entering into the Purchase Agreement

As mentioned in the foregoing paragraphs, the Company recently realizes that Wu Sheng is now a Company's connected person as defined in the GEM Listing Rules after conducting background check against the Oasis Group in September 2014. As such, the Directors decide to enter into the Purchase Agreement with Wu Sheng in order to comply with the GEM Listing Rules.

The Directors are also of view that the Purchase Agreement would benefit the Group by securing a quality supply of the Products from a reputable supplier like Wu Sheng. Wu Sheng is principally engaged in the manufacturing of lottery terminals for China's sports lottery and China's welfare lottery through contracting with local authorized retailers, lottery-related POS products to worldwide lottery runners. Wu Sheng is the POS machine supplier to one of the authorized distributors for China's sports lottery. Since 2007, Wu Sheng has been supplying the lottery terminals and hardware to BTI. The Directors (including the independent non-executive Directors) consider that the entering into of the Purchase Agreement is in the usual and ordinary course of business of the Group and the terms of the Purchase Agreement were negotiated on an arm's length basis and on normal commercial terms between BTI and Wu Sheng. The Directors (including the independent non-executive Directors) are of view that the terms and conditions of the Purchase Agreement including the Purchase Caps are fair and reasonable and in the interests of the Company and Shareholders as a whole.

IMPLICATIONS OF THE GEM LISTING RULES

As at the date of this announcement, GoReward is owned as to 50.002% by GCH and as to 49.998% by Intralot, which as at the date of the Purchase Agreement is holding 49% of Precious Success, a non wholly-owned subsidiary of the Company. Intralot is therefore a connected person of the Company as defined in the GEM Listing Rules by virtue of its being a substantial shareholder of Precious Success. Wu Sheng, being an indirect wholly-owned subsidiary of GoReward, is an associate of Intralot and, therefore, is also a connected person of the Company as defined in the GEM Listing Rules.

The Purchase Agreement and the transactions thereunder (including the Purchase Caps) constitute continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules, and are subject to the reporting, announcement and annual review requirements but exempted from the independent Shareholders' approval requirement pursuant to Rule 20.99 of the GEM Listing Rules.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“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, an indirect non wholly-owned subsidiary of the Company
“Commencement Date”	the date of the Purchase Agreement
“Company”	MelcoLot Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of 60% issued share capital of Oasis Rich by Rising Move to GCH pursuant to the sale and purchase agreement dated 26 June 2012 and completion of which took place on 12 November 2012
“GCH”	Global Crossing Holdings Ltd., a company incorporated in the Independent State of Samoa with limited liability, a Shareholder holding 177,272,724 Shares (representing approximately 5.64% of the issued share capital of the Company as at the date of this announcement) and a shareholder holding 50.002% of the entire issued share capital of GoReward

“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, from time to time
“GoReward”	GoReward Limited, a company incorporated in the British Virgin Islands with limited liability, the issued share capital of which is owned as to 50.002% by GCH and as to 49.998% by Intralot as at the date of this announcement
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person or company and its ultimate beneficial owner(s), to the best of the Company’s knowledge, information and belief, are third parties independent of the Company and its connected persons
“Intralot”	Intralot International Limited, a company incorporated in the Republic of Cyprus with limited liability and a wholly-owned subsidiary of Intralot S.A. Integrated Lottery Systems and Services, a shareholder holding 49.998% of the entire issued share capital of GoReward and a shareholder holding 49% of the entire issued share capital of Precious Success
“Oasis Group”	together, Oasis Rich and Wu Sheng
“Oasis Rich”	Oasis Rich International Ltd., a company incorporated in the Republic of Mauritius with limited liability and an indirect 60%-owned subsidiary of the Company before 12 November 2012, a subsidiary of GCH for the period from 12 November 2012 to 6 March 2014 and a wholly-owned subsidiary of GoReward from 7 March 2014 up to the date of this announcement
“PRC”	the People’s Republic of China, which for the purpose of this announcement, China, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Precious Success”	Precious Success Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect non wholly-owned subsidiary of the Company and is owned as to 51% by Rising Move and as to 49% by Intralot as at the date of this announcement

“Previous Purchase Orders”	collectively, 2 purchase orders placed by BTI to Wu Sheng during the period from 7 March 2014 to 30 September 2014 in relation to the purchase of the lottery terminals and hardware by BTI from Wu Sheng
“Products”	products specified in the Purchase Agreement which include but is not limited to lottery terminals and may include other products as agreed between BTI and Wu Sheng from time to time
“Purchase Agreement”	the unconditional purchase agreement entered into between BTI and Wu Sheng dated 22 October 2014 in relation to the purchase of the Products by BTI from Wu Sheng
“Purchase Caps”	the maximum annual amount to be purchased by BTI from Wu Sheng for each of the four years ending 31 December 2014, 2015, 2016 and 2017 in relation to the purchase of the Products by BTI from Wu Sheng
“Rising Move”	Rising Move International Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wu Sheng”	Wu Sheng Computer Technology (Shanghai) Co., Ltd.* (伍盛計算機科技(上海)有限公司), a wholly-owned foreign enterprise established in Shanghai, the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

* *for identification purpose only*

By Order of the Board
MelcoLot Limited
Ko Chun Fung, Henry
Executive Director and Chief Executive Officer

Hong Kong, 22 October 2014

As at the date of this announcement, the 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 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 the Company. The 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 remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for a minimum period of 7 days from the date of its publication and on the Company’s website at www.melcolot.com.