

# MelcoLot Limited

*(incorporated in the Cayman Islands with limited liability)*

A Hong Kong listed company with stock code : 8198  
[www.melcolot.com](http://www.melcolot.com)

Third Quarter Report  
**2013**



**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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*This report, for which the directors of MelcoLot Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to MelcoLot Limited. The directors of MelcoLot Limited, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report 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 report misleading.*

## MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “**Board**”) of directors (the “**Directors**”) of MelcoLot Limited (the “**Company**”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (the “**Group**”) for the nine months ended 30 September 2013 as follows:

### Business Review

The Group is engaged in the provision of lottery-related technologies, systems and solutions for two state-run lottery operators, the Welfare Lottery and the Sports Lottery, in the People’s Republic of China (the “**PRC**”). We are also a distributor of high quality, versatile lottery terminals for the Sports Lottery. The Group has developed a wide presence by managing a network of retail outlets across the PRC, as well as a telephone betting system in Shandong Province, for the distribution of computer-generated lottery tickets and lottery scratch cards. The Group also provides the maintenance and upgrade services for the rapid-draw lottery game “Shi Shi Cai” in Chongqing Municipality.

For the nine months ended 30 September 2013, the total revenue of the Group was HK\$42.8 million which represented an increase of approximately 21% compared to the same period in 2012. The growth was mainly due to the increase in sales and trading of lottery terminals from HK\$31.7 million to HK\$38.8 million for the nine months ended 30 September 2013. The revenue from the provision of services and solutions for distribution of lottery products also increased by approximately 10%, amounting to HK\$4.0 million for the nine months ended 30 September 2013.

The Group’s loss for the nine months ended 30 September 2013 amounted to HK\$16.8 million, representing a decrease of approximately 85% compared to the loss for the same period in 2012. It was mainly attributable to the significant decrease in finance costs due to the extinguishment of all outstanding convertible bonds in late 2012. The Group also rationalized its retail operations in the PRC and continued to impose tight cost control measures.

According to the data from the Ministry of Finance of the PRC, total lottery sales in China amounted to RMB224.5 billion for the nine months ended 30 September 2013, representing an 18.5% increase as compared to the same period in 2012. The Chinese government has shown a growing support for the lottery market in general and particularly, for the online lottery market through a series of legislations. In response to these developments, the Group has aligned its operations by focusing on paperless channels and technology solutions in order to capitalize on the opportunities.

### Dividend

The Directors do not recommend the payment of an interim dividend for the nine months ended 30 September 2013 (2012: Nil). No dividends were paid during the period ended 30 September 2013.

**CONDENSED CONSOLIDATED INCOME STATEMENT***For the nine months ended 30 September 2013*

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Revenue	3	11,290	15,462	42,778	35,380
Changes in inventories of finished goods and work-in-progress		-	(4,342)	-	3,202
Purchases of inventories and raw materials consumed		(9,597)	(1,850)	(36,385)	(30,652)
Other income and gains		621	157	5,556	474
Employee benefits costs		(8,236)	(3,761)	(14,930)	(12,643)
Depreciation and amortization		(294)	(713)	(1,137)	(2,414)
Share of results of associates		-	(545)	(307)	(1,992)
Other expenses		(2,016)	(4,996)	(6,850)	(29,215)
Finance costs	4	(1,819)	(26,633)	(5,397)	(76,699)
Loss before taxation		(10,051)	(27,221)	(16,672)	(114,559)
Taxation	5	-	(314)	(88)	(351)
Loss for the period		<b>(10,051)</b>	<b>(27,535)</b>	<b>(16,760)</b>	<b>(114,910)</b>
Loss for the period attributable to:					
Owners of the Company		(9,864)	(26,292)	(15,903)	(108,527)
Non-controlling interests		(187)	(1,243)	(857)	(6,383)
		<b>(10,051)</b>	<b>(27,535)</b>	<b>(16,760)</b>	<b>(114,910)</b>
Loss per share	7		(Restated)		(Restated)
- Basic and diluted		<b>(HK0.42 cents)</b>	(HK3.99 cents)	<b>(HK0.68 cents)</b>	(HK16.47 cents)

## NOTES:

**(1) BASIS OF PREPARATION**

The condensed consolidated financial information has been prepared in accordance with the applicable disclosure requirements of the GEM Listing Rules. The amounts included in this quarterly interim financial information are computed based on the recognition and measurement requirements in accordance with Hong Kong Accounting Standard 34, *Interim Financial Reporting* (“**HKAS 34**”). However this quarterly interim financial information does not contain sufficient information to constitute an interim financial report as defined in HKAS 34.

**(2) SIGNIFICANT ACCOUNTING POLICIES**

The quarterly interim financial information has been prepared under the historical cost convention. The accounting policies adopted are consistent with those followed in the preparation of the Group’s financial statements for the year ended 31 December 2012, except for the adoption of all the new and revised Hong Kong Financial Reporting Standards, amendments and interpretations (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2013. The application of these new and revised HKFRSs in the current interim period has had no material effect on the amounts reported in this condensed consolidated financial information and/or disclosures set out in this condensed consolidated financial information.

The Group has not early applied the new and revised HKFRSs that have been issued but are not yet effective. The Directors of the Company anticipate that the application of those new and revised HKFRSs will have no material impact on the condensed consolidated financial information.

**(3) REVENUE**

An analysis of the Group’s revenue for the three months and the nine months ended 30 September 2013 is as follows:

	<b>Three months ended 30 September</b>		<b>Nine months ended 30 September</b>	
	<b>2013</b>	2012	<b>2013</b>	2012
	<b>HK\$’000</b>	HK\$’000	<b>HK\$’000</b>	HK\$’000
Manufacturing and sales and trading of lottery terminals	<b>10,083</b>	15,040	<b>38,759</b>	31,716
Provision of services and solutions for distribution of lottery products	<b>1,207</b>	422	<b>4,019</b>	3,664
	<b>11,290</b>	15,462	<b>42,778</b>	35,380

**(4) FINANCE COSTS**

	<b>Three months ended 30 September</b>		<b>Nine months ended 30 September</b>	
	<b>2013 HK\$'000</b>	<b>2012 HK\$'000</b>	<b>2013 HK\$'000</b>	<b>2012 HK\$'000</b>
Interest on:				
Loan from immediate holding company wholly repayable within five years	<b>1,819</b>	–	<b>5,397</b>	–
Effective interest expenses on convertible bonds	–	26,432	–	76,099
Loan from a related company wholly repayable within five years	–	201	–	600
	<b>1,819</b>	<b>26,633</b>	<b>5,397</b>	<b>76,699</b>

**(5) TAXATION**

Taxation represented Enterprise Income Tax of the PRC charged in profit or loss for the periods.

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profit for the nine months ended 30 September 2013 and its corresponding period in 2012.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

**(6) DIVIDEND**

No interim dividends had been paid or declared by the Company during the nine months ended 30 September 2013 (2012: Nil).

**(7) LOSS PER SHARE**

The calculation of basic loss per share for the three months and nine months ended 30 September 2013 is based on the unaudited loss attributable to owners of the Company of approximately HK\$9,864,000 and HK\$15,903,000 (three months and nine months ended 30 September 2012: HK\$26,292,000 and HK\$108,527,000) and on the weighted average number of approximately 2,337,234,750 and 2,326,686,543 (three months and nine months ended 30 September 2012: 659,037,572) ordinary shares in issue during the period.

The weighted average numbers of ordinary shares for the purposes of basic and diluted loss per share in 2012 had been adjusted for the bonus element of the open offer as completed and disclosed by the Company on 13 November 2012.

The computation of diluted loss per share in 2013 did not include the Company's outstanding share options since their assumed exercise would result in a decrease in loss per share.

The computation of diluted loss per share in 2012 did not include the Company's outstanding convertible bonds and share options since their assumed conversion and exercise would result in a decrease in diluted loss per share.

**(8) SHARE CAPITAL AND RESERVES**

	Attributable to owners of the Company										Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Share-based payment reserve HK\$'000	PRC statutory reserves HK\$'000	Other reserve HK\$'000	Convertible bonds equity reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	
At 1 January 2012 (audited)	5,030	368,863	30,783	3,543	(4,922)	645,492	6,870	(1,671,164)	(615,405)	24,910	(590,595)
Exchange differences arising on translation	-	-	-	-	-	-	1,329	-	1,329	3	1,332
Loss for the period	-	-	-	-	-	-	-	(108,527)	(108,527)	(6,393)	(114,910)
Recognition of equity-settled share-based payments	-	-	460	-	-	-	-	-	460	-	460
At 30 September 2012 (unaudited)	5,030	368,863	31,243	3,543	(4,922)	645,492	8,199	(1,779,691)	(722,143)	18,520	(708,623)
At 1 January 2013 (audited)	22,886	851,771	30,632	-	(4,922)	-	3,877	(1,137,108)	(222,864)	11,907	(220,957)
Exchange differences arising on translation	-	-	-	-	-	-	(3,858)	-	(3,858)	(28)	(3,886)
Loss for the period	-	-	-	-	-	-	-	(15,903)	(15,903)	(857)	(16,760)
Recognition of equity-settled share-based payments	-	-	5,153	-	-	-	-	-	5,153	-	5,153
Issue of ordinary shares upon exercise of share options	791	33,184	(11,527)	-	-	-	-	-	22,448	-	22,448
At 30 September 2013 (unaudited)	28,677	884,955	24,458	-	(4,922)	-	(181)	(1,153,011)	(225,024)	11,022	(214,002)



## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the nine months ended 30 September 2013, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND SHARE OPTIONS

As at 30 September 2013, the interests of the Directors, the chief executive and their respective associates in the shares and share options of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors of the Company as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

### (I) Long position in the shares and share options of the Company

#### (a) Ordinary shares of HK\$0.01 each of the Company ("Share(s)")

<u>Name of Director</u>	<u>Capacity</u>	<u>Number of Shares held</u>	<u>Approximate percentage of the issued share capital of the Company</u>
			<i>(Note 1)</i>
Mr. Tsui Che Yin, Frank	Beneficial owner	2,917,210	0.12%
Mr. Ko Chun Fung, Henry	Beneficial owner	6,241,200	0.26%
Mr. Tsang Yuen Wai, Samuel	Beneficial owner	2,091,721	0.09%
Mr. Tam Chi Wai, Dennis	Beneficial owner	2,000,000	0.08%
Mr. Wang, John Peter Ben	Beneficial owner	4,434,400	0.19%
Mr. Tsoi, David	Beneficial owner	100,620	0.00%
Mr. Pang Hing Chung, Alfred	Beneficial owner	1,500,000	0.06%
Mr. So Lie Mo, Raymond <i>(resigned on 13 November 2013)</i>	Beneficial owner	524,120	0.02%

**(b) Share options granted by the Company**

<u>Name of Director</u>	<u>Capacity</u>	<u>Date of grant</u>	<u>Number of share options held</u>	<u>Number of underlying Shares</u>	<u>Approximate percentage of the issued share capital of the Company</u> <i>(Note 1)</i>
Mr. Tsui Che Yin, Frank	Beneficial owner	2.7.2013 <i>(Note 2)</i>	6,000,000	6,000,000	0.25%
Mr. Ko Chun Fung, Henry	Beneficial owner	31.3.2008 <i>(Note 3)</i>	5,705,046	5,705,046	0.24%
	Beneficial owner	2.7.2013 <i>(Note 2)</i>	3,000,000	3,000,000	0.13%
Mr. Tsang Yuen Wai, Samuel	Beneficial owner	2.7.2013 <i>(Note 2)</i>	6,000,000	6,000,000	0.25%
Mr. Tam Chi Wai, Dennis	Beneficial owner	2.7.2013 <i>(Note 2)</i>	6,000,000	6,000,000	0.25%
Mr. Wang, John Peter Ben	Beneficial owner	31.3.2008 <i>(Note 3)</i>	5,039,413	5,039,413	0.21%
	Beneficial owner	2.7.2013 <i>(Note 2)</i>	1,500,000	1,500,000	0.06%
Mr. Pang Hing Chung, Alfred	Beneficial owner	10.7.2009 <i>(Note 4)</i>	262,060	262,060	0.01%
	Beneficial owner	18.11.2010 <i>(Note 5)</i>	262,060	262,060	0.01%

*Notes:*

- (1) As at 30 September 2013, the total number of the issued Shares was 2,367,710,709.
- (2) These share options are exercisable for a period not later than 10 years from the date of grant, within which there is a total vesting period of three years, starting from the grant date at stepped annual increments of 25% of the total share options granted, at an exercise price of HK\$0.544 per Share.
- (3) These share options are exercisable for a period not later than 10 years from the date of grant, within which there is a total vesting period of one year, starting from six months of the grant date at stepped six months increments of 50% of the total share options granted, at an exercise price of HK\$0.679 per Share.
- (4) These share options are exercisable for a period not later than 10 years from the date of grant, within which there is a total vesting period of three years, starting from the first anniversary of the grant date at stepped annual increments of 33% of the total share options granted, at an exercise price of HK\$0.280 per Share.
- (5) These share options are exercisable for a period not later than 10 years from the date of grant, within which there is a total vesting period of one year, starting from six months of the grant date at stepped six months increments of 50% of the total share options granted, at an exercise price of HK\$0.116 per Share.

**(II) Long position in the shares and share options of associated corporation of the Company**

Melco International Development Limited (“Melco”)

(a) *Ordinary shares of HK\$0.50 each of Melco*

<u>Name of Director</u>	<b>Number of ordinary shares held</b>	<b>Approximate percentage of the issued share capital of Melco</b>
	<i>(Note 2)</i>	<i>(Note 1)</i>
Mr. Tsui Che Yin, Frank	181,660	0.01%
Mr. Ko Chun Fung, Henry	420,000	0.03%
Mr. Tsang Yuen Wai, Samuel	259,162	0.02%
Mr. Tam Chi Wai, Dennis	35,554	0.00%
Mr. Wang, John Peter Ben	11,000	0.00%

(b) *Share options granted by Melco*

<u>Name of Director</u>	<b>Number of underlying shares held pursuant to share options</b>	<b>Approximate percentage of the issued share capital of Melco</b>
	<i>(Notes 2 &amp; 3)</i>	<i>(Note 1)</i>
Mr. Tsui Che Yin, Frank	6,736,000	0.44%
Mr. Ko Chun Fung, Henry	474,000	0.03%
Mr. Tsang Yuen Wai, Samuel	4,241,000	0.28%
Mr. Tam Chi Wai, Dennis	5,378,668	0.35%
Mr. Wang, John Peter Ben	4,388,000	0.29%

*Notes:*

- (1) As at 30 September 2013, the total number of the issued shares of Melco was 1,536,199,567.
- (2) This represents interests held by the relevant director as beneficial owner.
- (3) Details of the 6,736,000 share options are as follows:
  - 312,000 share options granted on 1 April 2008 at exercise price of HK\$10.804 are divided into 3 tranches exercisable from 1 April 2009, 1 April 2010 and 1 April 2011 respectively to 31 March 2018
  - 546,000 share options granted on 17 December 2008 at exercise price of HK\$2.02 are divided into 6 tranches exercisable from 1 February 2009, 1 May 2009, 1 August 2009, 1 November 2009, 1 February 2010 and 1 May 2010 respectively to 16 December 2018
  - 160,000 share options granted on 3 April 2009 at exercise price of HK\$2.99 are divided into 3 tranches exercisable from 3 April 2010, 3 April 2011 and 3 April 2012 respectively to 2 April 2019
  - 1,198,000 share options granted on 7 April 2010 at exercise price of HK\$3.76 are divided into 6 tranches exercisable from 7 April 2010, 7 April 2011, 7 April 2012, 7 April 2013, 7 April 2014 and 7 April 2015 respectively to 6 April 2020
  - 2,200,000 share options granted on 8 April 2011 at exercise price of HK\$5.75 are divided into 4 tranches exercisable from 5 May 2011, 8 April 2012, 8 April 2013 and 8 April 2014 respectively to 7 April 2021
  - 1,320,000 share options granted on 27 January 2012 at exercise price of HK\$7.10 are divided into 4 tranches exercisable from 27 January 2012, 27 January 2013, 27 January 2014 and 27 January 2015 respectively to 26 January 2022
  - 1,000,000 share options granted on 2 April 2013 at exercise price of HK\$13.40 are divided into 4 tranches exercisable from 2 April 2013, 2 April 2014, 2 April 2015 and 2 April 2016 respectively to 1 April 2023

Details of the 474,000 share options are as follows:

- 450,000 share options granted on 13 February 2006 at exercise price of HK\$11.80 are divided into 3 tranches exercisable from 1 April 2008, 1 April 2010 and 1 April 2012 respectively to 31 January 2016

- 24,000 share options granted on 1 April 2008 at exercise price of HK\$10.804 are divided into 3 tranches exercisable from 1 April 2009, 1 April 2010 and 1 April 2011 respectively to 31 March 2018

Details of the 4,241,000 share options are as follows:

- 21,000 share options granted on 1 April 2008 at exercise price of HK\$10.804 are exercisable from 1 April 2011 to 31 March 2018
- 250,000 share options granted on 7 April 2010 at exercise price of HK\$3.76 are divided into 2 tranches exercisable from 7 April 2014 and 7 April 2015 respectively to 6 April 2020
- 1,650,000 share options granted on 8 April 2011 at exercise price of HK\$5.75 are divided into 3 tranches exercisable from 8 April 2012, 8 April 2013 and 8 April 2014 respectively to 7 April 2021
- 1,320,000 share options granted on 27 January 2012 at exercise price of HK\$7.10 are divided into 4 tranches exercisable from 27 January 2012, 27 January 2013, 27 January 2014 and 27 January 2015 respectively to 26 January 2022
- 1,000,000 share options granted on 2 April 2013 at exercise price of HK\$13.40 are divided into 4 tranches exercisable from 2 April 2013, 2 April 2014, 2 April 2015 and 2 April 2016 respectively to 1 April 2023

Details of the 5,378,668 share options are as follows:

- 30,000 share options granted on 1 April 2008 at exercise price of HK\$10.804 are divided into 3 tranches exercisable from 1 April 2009, 1 April 2010 and 1 April 2011 respectively to 31 March 2018
- 106,668 share options granted on 17 December 2008 at exercise price of HK\$2.02 are divided into 4 tranches exercisable from 1 August 2009, 1 November 2009, 1 February 2010 and 1 May 2010 respectively to 16 December 2018
- 93,000 share options granted on 3 April 2009 at exercise price of HK\$2.99 are divided into 3 tranches exercisable from 3 April 2010, 3 April 2011 and 3 April 2012 respectively to 2 April 2019
- 629,000 share options granted on 7 April 2010 at exercise price of HK\$3.76 are divided into 6 tranches exercisable from 7 April 2010, 7 April 2011, 7 April 2012, 7 April 2013, 7 April 2014 and 7 April 2015 respectively to 6 April 2020

- 2,200,000 share options granted on 8 April 2011 at exercise price of HK\$5.75 are divided into 4 tranches exercisable from 5 May 2011, 8 April 2012, 8 April 2013 and 8 April 2014 respectively to 7 April 2021
- 1,320,000 share options granted on 27 January 2012 at exercise price of HK\$7.10 are divided into 4 tranches exercisable from 27 January 2012, 27 January 2013, 27 January 2014 and 27 January 2015 respectively to 26 January 2022
- 1,000,000 share options granted on 2 April 2013 at exercise price of HK\$13.40 are divided into 4 tranches exercisable from 2 April 2013, 2 April 2014, 2 April 2015 and 2 April 2016 respectively to 1 April 2023

Details of the 4,388,000 share options are as follows:

- 1,500,000 share options granted on 13 February 2006 at exercise price of HK\$11.80 are divided into 3 tranches exercisable from 1 April 2008, 1 April 2010 and 1 April 2012 respectively to 31 January 2016
- 624,000 share options granted on 1 April 2008 at exercise price of HK\$10.804 are divided into 3 tranches exercisable from 1 April 2009, 1 April 2010 and 1 April 2011 respectively to 31 March 2018
- 64,000 share options granted on 3 April 2009 at exercise price of HK\$2.99 are exercisable from 3 April 2012 to 2 April 2019
- 1,400,000 share options granted on 8 April 2011 at exercise price of HK\$5.75 are divided into 4 tranches exercisable from 5 May 2011, 8 April 2012, 8 April 2013 and 8 April 2014 respectively to 7 April 2021
- 500,000 share options granted on 27 January 2012 at exercise price of HK\$7.10 are divided into 4 tranches exercisable from 27 January 2012, 27 January 2013, 27 January 2014 and 27 January 2015 respectively to 26 January 2022
- 300,000 share options granted on 2 April 2013 at exercise price of HK\$13.40 are divided into 4 tranches exercisable from 2 April 2013, 2 April 2014, 2 April 2015 and 2 April 2016 respectively to 1 April 2023

Save as disclosed above, none of the Directors, the chief executive and their respective associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 30 September 2013.

## SUBSTANTIAL SHAREHOLDERS

As at 30 September 2013, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain Directors and the chief executive, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

### Long position in Shares and underlying Shares of the Company

<u>Name of shareholder</u>	<u>Capacity</u>	<u>Number of Shares held</u>	<u>Number of underlying Shares held</u>	<u>Approximate percentage of the issued share capital of the Company</u> (Note 1)
Melco LottVentures Holdings Limited ("Melco LV")	Beneficial owner	1,135,834,409	-	47.97%
Melco Leisure and Entertainment Group Limited ("Melco Leisure") (Note 2)	Held by a controlled corporation	1,135,834,409	-	47.97%
Melco (Note 3)	Held by controlled corporations	1,135,834,409	-	47.97%
Mr. Ho, Lawrence Yau Lung ("Mr. Ho") (Note 4)	Held by controlled corporations	1,135,834,409	-	47.97%
	Beneficial owner	8,018,046	6,939,000	0.63%
Ms. Lo Sau Yan, Sharen (Note 5)	Held by spouse	1,143,852,455	6,939,000	48.60%
Global Crossing Holdings Ltd. ("GCH")	Beneficial owner	217,412,724	-	9.18%
Universal Rich Holdings Limited ("Universal Rich") (Note 6)	Held by a controlled corporation	217,412,724	-	9.18%
Mr. Chang Tung-Bing (Note 7)	Held by controlled corporations	217,412,724	-	9.18%
Ms. Kao, Tsai Ling	Beneficial owner	184,000,000	-	7.77%



*Notes:*

- (1) As at 30 September 2013, the total number of the issued Shares was 2,367,710,709.
- (2) Melco Leisure was deemed to be interested in 1,135,834,409 Shares through its controlled corporation, Melco LV.
- (3) Melco was deemed to be interested in 1,135,834,409 Shares through its controlled corporations, Melco LV and Melco Leisure.
- (4) Mr. Ho was deemed to be interested in 1,135,834,409 Shares through his controlled corporations, Melco LV, Melco Leisure and Melco. He beneficially owns 8,018,046 Shares and 6,939,000 share options of the Company granted to him on 2 July 2013 at an exercise price of HK\$0.544 per Share. These share options are exercisable for a period not later than 10 years from the date of grant, within which there is a total vesting period of three years, starting from the grant date at stepped annual increments of 25% of the total share options granted.
- (5) Ms. Lo Sau Yan, Sharen is the spouse of Mr. Ho and was deemed to be interested in 1,143,852,455 Shares and 6,939,000 share options of the Company through the interest of her spouse, Mr. Ho.
- (6) Universal Rich was deemed to be interested in 217,412,724 Shares through its controlled corporation, GCH.
- (7) Mr. Chang Tung-Bing was deemed to be interested in 217,412,724 Shares through his controlled corporations, GCH and Universal Rich.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the Shares or underlying Shares of the Company as at 30 September 2013.

**DIRECTORS' INTERESTS IN COMPETING BUSINESSES**

During the nine months ended 30 September 2013, none of the Directors or their respective associates had any interest in any business which competes or may compete with the business of the Group.

## AUDIT COMMITTEE

The Company has established an audit committee for the purposes of reviewing and providing supervision over the Company's financial reporting process and internal controls. It also reviews the effectiveness of the audit process and risk evaluation. The audit committee has reviewed the unaudited condensed consolidated financial information and the third quarter report for the period, and was of the opinion that the accounting policies of the Group are in accordance with the current best practice in Hong Kong.

On 13 November 2013, Mr. So Lie Mo, Raymond resigned and Ms. Chan Po Yi, Patsy was appointed as a member of the audit committee. As a result of the change, the audit committee comprises three independent non-executive Directors, namely Mr. Tsoi, David (Chairman of the audit committee), Mr. Pang Hing Chung, Alfred and Ms. Chan Po Yi, Patsy and a non-executive Director, namely Mr. Tsui Che Yin, Frank.

By Order of the Board

**MelcoLot Limited**

**Ko Chun Fung, Henry**

*Executive Director and Chief Executive Officer*

Hong Kong, 13 November 2013

*As at the date of this report, the Board consists of three Executive Directors, namely Mr. Ko Chun Fung, Henry, Mr. Tsang Yuen Wai, Samuel and Mr. Tam Chi Wai, Dennis, two Non-executive Directors, namely Mr. Tsui Che Yin, Frank (Chairman) and Mr. Wang, John Peter Ben, and three Independent Non-executive Directors, namely Mr. Tsoi, David, Mr. Pang Hing Chung, Alfred and Ms. Chan Po Yi, Patsy.*