



**First Quarter Report 2016**

**MelcoLot Limited**

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

A Hong Kong Listed Company (Stock Code: 8198)

[www.melcolot.com](http://www.melcolot.com)

## **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 the 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 three-month period ended 31 March 2016 as follows:

### Business Review

The Group is engaged in the provision of lottery-related technologies, systems and solutions to two state-run lottery operators in the People’s Republic of China (the “**PRC**”), namely the China Welfare Lottery Issuance Centre and China Sports Lottery Administration Centre (“**CSLA**”). We are a distributor of high quality, versatile lottery terminals and parts for CSLA, which is the exclusive sports lottery operator in the PRC. The distribution business is our major revenue generator and contributed to approximately 98% of the Group’s revenue for the three-month period ended 31 March 2016 (three-month period ended 31 March 2015: 78%).

The Group provides game upgrading technology and system maintenance service for the rapid-draw game, “Shi Shi Cai” in Chongqing Municipality. The Group has also established a presence by managing a network of retail outlets in the PRC.

We believe the China lottery market will remain challenging due to the evolving regulatory environment, but with our competitive strength, this will undoubtedly bring new opportunities for the Group to capitalize on.

In line with the leisure and entertainment corporate philosophy of our parent company, the Group has been diligently pursuing investment opportunities outside of lottery and the PRC market. We are continuing to pursue the opportunity to develop a premium integrated resort next to Barcelona in Spain. The ongoing international projects and existing PRC business opportunities leverage on our corporate expertise in gaming and entertainment industry by diversifying our business to support our goal in maximizing long-term shareholders’ value.

## Financial Review

The Group continues to be engaged in a single operating segment which is the lottery business. For the three-month period ended 31 March 2016, total revenue of the Group amounted to HK\$11.52 million, representing a decrease by 0.2% as compared to HK\$11.54 million for the corresponding period in 2015, which comprised the following:

### (1) Sales of lottery terminals and parts

Revenues generated from the sales of lottery terminals and parts for the sports lottery increased by 25.6% to HK\$11.3 million (three-month period ended 31 March 2015: HK\$9.0 million).

### (2) Provision of services and solutions for the distribution of lottery products

Revenue derived from the provision of services and solutions for the distribution of lottery products for the three-month period ended 31 March 2016 amounted to HK\$0.2 million (three-month period ended 31 March 2015: HK\$2.5 million), representing a decrease of approximately 92%.

## Operating Results

A loss attributable to owners of the Company of approximately HK\$5.0 million was recorded for the three-month period ended 31 March 2016, representing a decrease of 43.2% as compared to a loss of HK\$8.8 million for the corresponding period in 2015, which was mainly attributable to the combined effect of:

- (i) the decrease in employee benefits costs from HK\$9.2 million for the three-month period ended 31 March 2015 to HK\$4.7 million for the corresponding period in 2016. The decrease was primarily due to share-based payments of HK\$4.0 million recorded in the profit or loss for the three-month period ended 31 March 2015 in connection with certain 2014 share options that vested in 2015 and no further share-based payments in relation to these share options were recorded for the three-month period ended 31 March 2016; and
- (ii) the increase in interest income from HK\$1.0 million for the three-month period ended 31 March 2015 to HK\$1.4 million for the corresponding period in 2016, which was mainly due to the improved interest rate for fixed deposit with a longer term of maturity.

## Dividend

The Directors do not recommend the payment of an interim dividend for the three-month period ended 31 March 2016 (three-month period ended 31 March 2015: Nil).

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the three-month period ended 31 March 2016

		Three-month period ended 31 March	
	NOTES	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Revenue	3	11,517	11,541
Purchases and service costs		(10,618)	(10,446)
Other income		1,463	1,018
Employee benefits costs		(4,652)	(9,169)
Depreciation of property, plant and equipment		(32)	(72)
Other expenses		(2,751)	(1,824)
Loss before taxation		(5,073)	(8,952)
Taxation	4	(109)	(74)
Loss for the period		(5,182)	(9,026)
<b>Other comprehensive income</b>			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation to presentation currency		927	43
Total comprehensive expense for the period		<u>(4,255)</u>	<u>(8,983)</u>
Loss for the period attributable to:			
Owners of the Company		(4,968)	(8,816)
Non-controlling interests		(214)	(210)
		<u>(5,182)</u>	<u>(9,026)</u>
Total comprehensive expense attributable to:			
Owners of the Company		(4,043)	(8,775)
Non-controlling interests		(212)	(208)
		<u>(4,255)</u>	<u>(8,983)</u>
Loss per share			
Basic and diluted	6	<u>HK(0.16) cents</u>	<u>HK(0.28) cents</u>

## 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 2015, 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 2016. 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-month period ended 31 March 2016 is as follows:

	Three-month period ended 31 March	
	2016 HK\$’000	2015 HK\$’000
Trading of lottery terminals and parts	11,341	9,027
Provision of services and solutions for the distribution of lottery products	176	2,514
	<b>11,517</b>	11,541

**(4) TAXATION**

	<b>Three-month period ended 31 March</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
PRC Enterprise Income Tax		
– current period	<b>109</b>	<b>74</b>

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profit arising from Hong Kong for the three-month period ended 31 March 2016 and its corresponding period in 2015.

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

**(5) DIVIDEND**

No interim dividends had been paid or declared by the Company during the three-month period ended 31 March 2016 (2015: Nil).

**(6) LOSS PER SHARE**

The calculation of basic loss per share for the three-month period ended 31 March 2016 is based on the unaudited loss attributable to owners of the Company of approximately HK\$4,968,000 (2015: HK\$8,816,000) and on the weighted average number of approximately 3,145,656,900 (2015: 3,145,545,326) ordinary shares in issue during the period.

The computation of diluted loss per share in 2016 and 2015 did not include the Company's outstanding share options since their assumed exercise would result in a decrease in loss per share.

## (7) 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	Other reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000	Non- controlling interests HK\$'000	
At 1 January 2015 (audited)	31,455	1,540,437	63,007	(4,922)	3,811	(1,217,898)	415,890	5,101	420,991
Exchange differences arising on translation	-	-	-	-	41	-	41	2	43
Loss for the period	-	-	-	-	-	(8,816)	(8,816)	(210)	(9,026)
Total comprehensive income (expense) for the period	-	-	-	-	41	(8,816)	(8,775)	(208)	(8,983)
Recognition of equity-settled share-based payments	-	-	6,711	-	-	-	6,711	-	6,711
Transfer among reserves (Note)	-	(1,212,603)	-	-	-	1,212,603	-	-	-
At 31 March 2015 (unaudited)	31,455	327,834	69,718	(4,922)	3,852	(14,111)	413,826	4,893	418,719
At 1 January 2016 (audited)	31,456	327,878	85,157	(5,255)	2,788	(42,273)	399,751	8,796	408,547
Exchange differences arising on translation	-	-	-	-	925	-	925	2	927
Loss for the period	-	-	-	-	-	(4,968)	(4,968)	(214)	(5,182)
Total comprehensive income (expense) for the period	-	-	-	-	925	(4,968)	(4,043)	(212)	(4,255)
Recognition of equity-settled share-based payments	-	-	2,695	-	-	-	2,695	-	2,695
At 31 March 2016 (unaudited)	31,456	327,878	87,852	(5,255)	3,713	(47,241)	398,403	8,584	406,987

**Note:** The reduction of the amount of HK\$1,212,603,000 standing to the credit of the share premium account of the Company to eliminate its accumulated losses of the Company of HK\$1,212,603,000 as at 31 December 2014 (the “**Accumulated Losses Elimination**”) was approved by the Board in March 2015. The Accumulated Losses Elimination complied with the Cayman Islands’ Companies Law (Cap. 22) and the articles of association of the Company.



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

During the three-month period ended 31 March 2016, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2016, the interests and short positions of each Director and chief executive of the Company and their respective associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

### (I) Long positions in the shares and underlying shares of the Company

#### (a) Ordinary shares of the Company

<u>Name of Director</u>	<u>Number of ordinary shares held</u>	<u>Approximate percentage of total issued shares of the Company</u>
	<i>(Note 2)</i>	<i>(Note 1)</i>
Mr. Tsoi, David	430,806	0.01%
Mr. Pang Hing Chung, Alfred	1,586,000	0.05%

(b) *Share options granted by the Company*

<b>Name of Director</b>	<b>Number of underlying shares held pursuant to share options</b>	<b>Approximate percentage of total issued shares of the Company</b>
	<i>(Notes 2 &amp; 3)</i>	<i>(Note 1)</i>
Mr. Tsui Che Yin, Frank	20,881,400	0.66%
Mr. Ko Chun Fung, Henry	17,688,200	0.56%
Mr. Tsang Yuen Wai, Samuel	20,881,400	0.66%
Mr. Tam Chi Wai, Dennis	20,881,400	0.66%
Mr. Tsoi, David	1,248,000	0.04%
Mr. Pang Hing Chung, Alfred	1,805,872	0.06%
Ms. Chan Po Yi, Patsy	1,248,000	0.04%

*Notes:*

1. As at 31 March 2016, the total number of issued shares of the Company was 3,145,656,900.
2. This represents interests held by the relevant Director as beneficial owner.
3. Details of share options granted to the Directors pursuant to the share option schemes of the Company are set out in the "Share Option Schemes" section of this report.

**(II) Long positions in the shares and underlying shares of associated corporations of the Company**

**(A) Melco International Development Limited (“Melco”)**

*(a listed holding company of the Company)*

*(a) Ordinary shares of Melco*

<u>Name of Director</u>	<b>Number of ordinary shares held</b>	<b>Approximate percentage of total issued shares of Melco</b>
	<i>(Note 2)</i>	<i>(Note 1)</i>
Mr. Tsui Che Yin, Frank	4,579,660	0.30%
Mr. Ko Chun Fung, Henry	584,000	0.04%
Mr. Tsang Yuen Wai, Samuel	2,967,162	0.19%
Mr. Tam Chi Wai, Dennis	3,004,002	0.19%
Ms. Chan Po Yi, Patsy	4,000	0.00%

*(b) Share options and awarded shares granted by Melco*

<u>Name of Director</u>	<b>Number of underlying shares held pursuant to share options</b>	<b>Number of awarded shares held</b>	<b>Total</b>	<b>Approximate percentage of total issued shares of Melco</b>
	<i>(Notes 2 &amp; 3)</i>	<i>(Notes 2 &amp; 4)</i>		<i>(Note 1)</i>
Mr. Tsui Che Yin, Frank	3,326,000	96,000	3,422,000	0.22%
Mr. Tsang Yuen Wai, Samuel	1,878,000	83,000	1,961,000	0.13%
Mr. Tam Chi Wai, Dennis	3,330,000	72,000	3,402,000	0.22%

*Notes:*

1. As at 31 March 2016, the total number of issued shares of Melco was 1,546,663,555.
2. This represents interests held by the relevant Director as beneficial owner.
3. Details of the 3,326,000 share options held by Mr. Tsui Che Yin, Frank are as follows:
  - 170,000 share options granted on 7 April 2010 at exercise price of HK\$3.76 are exercisable from 7 April 2015 to 6 April 2020
  - 1,200,000 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
  - 700,000 share options granted on 3 April 2014 at exercise price of HK\$26.65 are divided into 4 tranches exercisable from 3 April 2014, 3 April 2015, 3 April 2016 and 3 April 2017 respectively to 2 April 2024
  - 256,000 share options granted on 8 April 2015 at exercise price of HK\$14.24 are divided into 4 tranches exercisable from 8 April 2015, 8 April 2016, 8 April 2017 and 8 April 2018 respectively to 7 April 2025

Details of the 1,878,000 share options held by Mr. Tsang Yuen Wai, Samuel are as follows:

- 125,000 share options granted on 7 April 2010 at exercise price of HK\$3.76 are exercisable from 7 April 2015 to 6 April 2020
- 330,000 share options granted on 27 January 2012 at exercise price of HK\$7.10 are exercisable from 27 January 2015 to 26 January 2022
- 500,000 share options granted on 2 April 2013 at exercise price of HK\$13.40 are divided into 2 tranches exercisable from 2 April 2015 and 2 April 2016 respectively to 1 April 2023
- 700,000 share options granted on 3 April 2014 at exercise price of HK\$26.65 are divided into 4 tranches exercisable from 3 April 2014, 3 April 2015, 3 April 2016 and 3 April 2017 respectively to 2 April 2024

- 223,000 share options granted on 8 April 2015 at exercise price of HK\$14.24 are divided into 4 tranches exercisable from 8 April 2015, 8 April 2016, 8 April 2017 and 8 April 2018 respectively to 7 April 2025

Details of the 3,330,000 share options held by Mr. Tam Chi Wai, Dennis 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
- 85,000 share options granted on 7 April 2010 at exercise price of HK\$3.76 are exercisable from 7 April 2015 to 6 April 2020
- 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
- 700,000 share options granted on 3 April 2014 at exercise price of HK\$26.65 are divided into 4 tranches exercisable from 3 April 2014, 3 April 2015, 3 April 2016 and 3 April 2017 respectively to 2 April 2024
- 195,000 share options granted on 8 April 2015 at exercise price of HK\$14.24 are divided into 4 tranches exercisable from 8 April 2015, 8 April 2016, 8 April 2017 and 8 April 2018 respectively to 7 April 2025

4. Details of the 96,000 awarded shares held by Mr. Tsui Che Yin, Frank are as follows:

- One third of the 96,000 awarded shares will vest on each of the following dates: 8 April 2016, 8 April 2017 and 8 April 2018

Details of the 83,000 awarded shares held by Mr. Tsang Yuen Wai, Samuel are as follows:

- One third of the 83,000 awarded shares will vest on each of the following dates: 8 April 2016, 8 April 2017 and 8 April 2018

Details of the 72,000 awarded shares held by Mr. Tam Chi Wai, Dennis are as follows:

- One third of the 72,000 awarded shares will vest on each of the following dates: 8 April 2016, 8 April 2017 and 8 April 2018

**(B) Entertainment Gaming Asia Inc. ("EGT")***(a listed subsidiary of Melco)**(a) Shares of EGT*

<b>Name of Director</b>	<b>Number of shares held</b>	<b>Approximate percentage of total issued shares of EGT</b>
	<i>(Note 2)</i>	<i>(Note 1)</i>
Mr. Tsang Yuen Wai, Samuel	7,500	0.05%

*(b) Stock options granted by EGT*

<b>Name of Director</b>	<b>Number of underlying shares held pursuant to stock options</b>	<b>Approximate percentage of total issued shares of EGT</b>
	<i>(Notes 2 &amp; 3)</i>	<i>(Note 1)</i>
Mr. Tsang Yuen Wai, Samuel	34,375	0.24%

*Notes:*

1. As at 31 March 2016, the total number of issued shares of EGT was 14,464,220.
2. This represents interests held by the relevant Director as beneficial owner.
3. Details of the 34,375 stock options held by Mr. Tsang Yuen Wai, Samuel are as follows:
  - 6,250 stock options granted on 11 December 2008 at exercise price of US\$1.28 may be exercised from 12 June 2009 to 11 December 2018
  - 3,125 stock options granted on 12 February 2009 at exercise price of US\$2.08 may be exercised from 13 August 2009 to 12 February 2019
  - 3,125 stock options granted on 7 January 2010 at exercise price of US\$4.64 may be exercised from 8 July 2010 to 7 January 2020

- 3,125 stock options granted on 3 February 2011 at exercise price of US\$5.76 may be exercised from 4 August 2011 to 3 February 2021
- 6,250 stock options granted on 3 January 2012 at exercise price of US\$3.696 may be exercised from 4 July 2012 to 3 January 2022
- 6,250 stock options granted on 2 January 2013 at exercise price of US\$7.86 may be exercised from 3 July 2013 to 2 January 2023
- 6,250 stock options granted on 2 January 2014 at exercise price of US\$4.844 may be exercised from 3 July 2014 to 2 January 2024

Save as disclosed above, none of the Directors or chief executive of the Company and their respective associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations as at 31 March 2016.

## SHARE OPTION SCHEMES

The share option scheme adopted on 20 April 2002 (the “**Old Share Option Scheme**”) had expired on 20 April 2012. No options may be and have been granted under that scheme after the expiry date, but the options granted before the expiry date continue to be valid and exercisable in accordance with their terms of issue. Subject to the aforesaid, the provisions of the Old Share Option Scheme remain in full force and effect, notwithstanding the expiry of the scheme.

At the annual general meeting of the Company held on 18 May 2012, the shareholders of the Company approved the adoption of a new share option scheme (the “**2012 Share Option Scheme**”), under which the Directors may grant options to eligible persons to subscribe for the Company’s shares, subject to the terms and conditions stipulated therein. The 2012 Share Option Scheme will expire on 17 May 2022.

Movements of share options granted under the Old Share Option Scheme and 2012 Share Option Scheme during the three-month period ended 31 March 2016 are set out below:

Type of participants	Number of share options					Date of grant	Exercise price (HK\$)	Exercise period (Note)
	As at 1 January 2016	Granted during the period	Exercised during the period	Lapsed during the period	As at 31 March 2016			
<b>Under Old Share Option Scheme</b>								
<b>Director</b>								
Mr. Pang Hing Chung, Alfred	278,936	-	-	-	278,936	10.07.2009	0.263	5
	278,936	-	-	-	278,936	18.11.2010	0.109	6
Sub-total:	557,872	-	-	-	557,872			
<b>Employees</b>								
	200,831	-	-	-	200,831	31.03.2008	0.638	3
	111,574	-	-	-	111,574	10.07.2009	0.263	5
	167,361	-	-	-	167,361	18.11.2010	0.109	6
Sub-total:	479,766	-	-	-	479,766			
<b>Others</b>								
	52,300	-	-	-	52,300	12.01.2007	0.063	2
	2,942,779	-	-	-	2,942,779	31.03.2008	0.638	3
	2,956,728	-	-	-	2,956,728	16.02.2009	0.215	4
Sub-total:	5,951,807	-	-	-	5,951,807			
<b>Total:</b>	<b>6,989,445</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,989,445</b>			



Type of participants	Number of share options					Date of grant	Exercise price (HK\$)	Exercise period (Note)
	As at 1 January 2016	Granted during the period	Exercised during the period	Lapsed during the period	As at 31 March 2016			
<b>Under 2012 Share Option Scheme</b>								
<b>Directors</b>								
Mr. Tsui Che Yin, Frank	6,386,400	-	-	-	6,386,400	02.07.2013	0.511	7
	14,495,000	-	-	-	14,495,000	09.10.2015	0.465	8
	20,881,400	-	-	-	20,881,400			
Mr. Ko Chun Fung, Henry	3,193,200	-	-	-	3,193,200	02.07.2013	0.511	7
	14,495,000	-	-	-	14,495,000	09.10.2015	0.465	8
	17,688,200	-	-	-	17,688,200			
Mr. Tsang Yuen Wai, Samuel	6,386,400	-	-	-	6,386,400	02.07.2013	0.511	7
	14,495,000	-	-	-	14,495,000	09.10.2015	0.465	8
	20,881,400	-	-	-	20,881,400			
Mr. Tam Chi Wai, Dennis	6,386,400	-	-	-	6,386,400	02.07.2013	0.511	7
	14,495,000	-	-	-	14,495,000	09.10.2015	0.465	8
	20,881,400	-	-	-	20,881,400			
Mr. Tsoi, David	1,248,000	-	-	-	1,248,000	09.10.2015	0.465	8
Mr. Pang Hing Chung, Alfred	1,248,000	-	-	-	1,248,000	09.10.2015	0.465	8
Ms. Chan Po Yi, Patsy	1,248,000	-	-	-	1,248,000	09.10.2015	0.465	8
Sub-total:	84,076,400	-	-	-	84,076,400			
<b>Substantial shareholder</b>	7,385,871	-	-	-	7,385,871	02.07.2013	0.511	7
	10,752,000	-	-	-	10,752,000	09.10.2015	0.465	8
Sub-total:	18,137,871	-	-	-	18,137,871			
<b>Employees</b>	868,000	-	-	-	868,000	09.10.2015	0.465	8
<b>Others</b>	1,596,600	-	-	-	1,596,600	02.07.2013	0.511	7
	8,364,000	-	-	-	8,364,000	09.10.2015	0.465	8
Sub-total:	9,960,600	-	-	-	9,960,600			
<b>Total:</b>	<b>113,042,871</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>113,042,871</b>			

Notes:

1. The exercise price and the number of share options granted from 2007 to 2013 have been adjusted for the effect of the open offer which took place in May 2014 pursuant to the terms of the Old Share Option Scheme and 2012 Share Option Scheme. For details, please refer to the announcement of the Company dated 28 May 2014.
2. The share options granted on 12 January 2007 are divided into 4 tranches exercisable from 12 January 2008, 12 January 2009, 12 January 2010 and 12 January 2011 respectively to 11 January 2017.
3. The share options granted on 31 March 2008 are divided into 2 tranches exercisable from 30 September 2008 and 31 March 2009 respectively to 30 March 2018.
4. The share options granted on 16 February 2009 are divided into 3 tranches exercisable from 16 February 2010, 16 February 2011 and 16 February 2012 respectively to 15 February 2019.
5. The share options granted on 10 July 2009 are divided into 3 tranches exercisable from 10 July 2010, 10 July 2011 and 10 July 2012 respectively to 9 July 2019.
6. The share options granted on 18 November 2010 are divided into 2 tranches exercisable from 18 May 2011 and 18 November 2011 respectively to 17 November 2020.
7. The share options granted on 2 July 2013 are divided into 4 tranches exercisable from 2 July 2013, 2 July 2014, 2 July 2015 and 2 July 2016 respectively to 1 July 2023.
8. The share options granted on 9 October 2015 are divided into 3 tranches exercisable from 9 October 2015, 9 October 2016 and 9 October 2017 respectively to 8 October 2025. As a condition of the issue of the share options, the grantees are not permitted to exercise the share options or any part thereof until after the earlier of (a) completion of the sale and purchase transaction relating to the shares in Melco Property Development Limited and the issue of consideration shares by the Company to Melco or its nominee(s) pursuant to the share purchase agreement dated 9 October 2015 entered into between Melco and the Company (the "**Share Purchase Agreement**"); or (b) the termination of the Share Purchase Agreement.
9. The category "Others" represents the former directors or consultants of the Group. Consultants are individuals who rendered consultancy services in respect of the business development to the Group without receiving any compensation. The Group granted share options to them for recognizing their services similar to those rendered by employees of the Group.
10. During the three-month period ended 31 March 2016, no share options were cancelled under the Old Share Option Scheme and 2012 Share Option Scheme.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2016, according to the register of interests or short positions in shares required to be kept by the Company under Section 336 of the SFO, other than the interests of the Directors and chief executive of the Company, the following shareholders were interested in 5% or more of the issued shares of the Company:

### Long positions in the shares and underlying shares of the Company

Name	Capacity	Number of shares held	Number of underlying shares held	Approximate percentage of total issued shares of the Company
				(Note 1)
Melco LottVentures Holdings Limited (" <b>Melco LV</b> ")	Beneficial owner	1,278,714,329	–	40.65%
Melco Leisure and Entertainment Group Limited (" <b>Melco Leisure</b> ") (Note 2)	Interest of a controlled corporation	1,278,714,329	–	40.65%
Melco (Note 3)	Interest of controlled corporations	1,278,714,329	–	40.65%
Mr. Ho, Lawrence Yau Lung (" <b>Mr. Ho</b> ") (Note 4)	Interest of controlled corporations	1,278,714,329	–	40.65%
	Beneficial owner	–	18,137,871	0.58%
Ms. Lo Sau Yan, Sharen (Note 5)	Interest of spouse	1,278,714,329	18,137,871	41.23%

*Notes:*

1. As at 31 March 2016, the total number of issued shares of the Company was 3,145,656,900.
2. Melco Leisure was deemed to be interested in 1,278,714,329 shares through its controlled corporation, Melco LV.
3. Melco was deemed to be interested in 1,278,714,329 shares through its controlled corporations, Melco LV and Melco Leisure.
4. Mr. Ho was deemed to be interested in 1,278,714,329 shares through his controlled corporations, Melco LV, Melco Leisure and Melco. He was also interested in 18,137,871 underlying shares in respect of the share options granted by the Company.
5. Ms. Lo Sau Yan, Sharen is the spouse of Mr. Ho and was deemed to be interested in 1,296,852,200 shares through the interest of her spouse, Mr. Ho.

Save as disclosed above, the Company has not been notified of any other interests or short positions in the shares or underlying shares of the Company as at 31 March 2016.

## **COMPETING INTEREST**

During the three-month period ended 31 March 2016, none of the Directors, the controlling shareholder of the Company and their respective close associates (as defined in the GEM Listing Rules) had interest in any business which competes or may compete with the business of the Group and any other conflicts of interest with 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 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. The financial information contained in the first quarter report for the three-month period ended 31 March 2016 has not been audited by the auditor of the Company, but has been reviewed by the audit committee.

By Order of the Board

**MelcoLot Limited**

**Ko Chun Fung, Henry**

*Executive Director and Chief Executive Officer*

Hong Kong, 5 May 2016

*As at the date of this report, 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*