



新濠環彩

MelcoLot

First Quarter Report 2017

MelcoLot Limited

(Incorporated in the Cayman Islands with limited liability)

A Hong Kong Listed Company (Stock Code: 8198)

www.melcolot.com

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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 2017 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 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 approximately 98% of the Group’s revenue for the three-month period ended 31 March 2017 (three-month period ended 31 March 2016: 98%).

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

According to information published by the Ministry of Finance, the China lottery market continued to show steady growth. Total lottery sales achieved a year-on-year growth of 4.9% to RMB95.2 billion in March 2017.

The China lottery market had been full of challenges since March 2015 when the government took action to strictly prohibit all internet lottery ticket sales activities. While changing regulatory environment will unavoidably bring short-term uncertainties to the industry, we believe that proper regulatory reform will further improve the industry regulatory framework, thus leading to a healthier and sustainable market in the long run.

While new channels and games are undoubtedly attractive areas for development, as an integrated lottery service and technology provider, the Group is well positioned to capture opportunities arising from the evolution of the PRC lottery policy. We are closely monitoring the development of this growing market in the PRC.

At the same time, the Group is continuing to pursue opportunities to develop international projects and PRC business opportunities which will leverage our corporate expertise in the gaming and entertainment industry and diversify 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. During the three-month period ended 31 March 2017, total revenue of the Group amounted to HK\$9.8 million (three-month period ended 31 March 2016: HK\$11.5 million), a decrease of approximately 15% 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 for the three-month period ended 31 March 2017 amounted to HK\$9.6 million (three-month period ended 31 March 2016: HK\$11.3 million), representing a decrease of 15%.

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

Revenue derived from the provision of services and solutions for distribution of lottery products for the three-month period ended 31 March 2017 amounted to HK\$0.2 million (three-month period ended 31 March 2016: HK\$0.2 million).

Operating results

The Group recorded a loss of HK\$2.2 million for the three-month period ended 31 March 2017, representing a decrease of 57.7% compared to HK\$5.2 million for the corresponding period in 2016, which was mainly attributable to the decrease in employee benefits costs from HK\$4.7 million for the three-month period ended 31 March 2016 to HK\$2.0 million for the corresponding period in 2017. The decrease was primarily due to there being share-based payments of HK\$2.6 million recorded for the three-month period ended 31 March 2016 in connection with certain 2014 share options vested in the corresponding period in 2016 but no further share-based payments in relation to these share options were recorded for the three-month period ended 31 March 2017.

Dividend

The Board does not recommend the payment of an interim dividend for the three-month period ended 31 March 2017 (three-month period ended 31 March 2016: Nil).

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three-month period ended 31 March 2017

		Three-month period ended 31 March	
		2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
	Notes		
Revenue	3	9,788	11,517
Purchases and service costs		(9,116)	(10,618)
Other income and gains		1,101	1,463
Employee benefits costs		(1,995)	(4,652)
Depreciation of property, plant and equipment		(21)	(32)
Other expenses		(1,890)	(2,751)
Loss before taxation		(2,133)	(5,073)
Taxation	4	(83)	(109)
Loss for the period		(2,216)	(5,182)
Other comprehensive income			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation to presentation currency			
		154	927
Total comprehensive expense for the period		(2,062)	(4,255)
Loss for the period attributable to:			
Owners of the Company		(2,075)	(4,968)
Non-controlling interests		(141)	(214)
		(2,216)	(5,182)
Total comprehensive expense attributable to:			
Owners of the Company		(2,010)	(4,043)
Non-controlling interests		(52)	(212)
		(2,062)	(4,255)
Loss per share			
Basic and diluted	6	HK(0.07) cents	HK(0.16) 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 2016, 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 2017. 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 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 2017 is as follows:

	Three-month period ended 31 March	
	2017	2016
	HK\$’000	HK\$’000
Trading of lottery terminals and parts	9,586	11,341
Provision of services and solutions for distribution of lottery products	202	176
	9,788	11,517

(4) **TAXATION**

	Three-month period ended	
	31 March	
	2017	2016
	HK\$'000	HK\$'000
PRC Enterprise Income Tax		
– current period	<u>83</u>	<u>109</u>

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 2017 and its corresponding period in 2016.

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 2017 (2016: Nil).

(6) **LOSS PER SHARE**

The calculation of basic loss per share for the three-month period ended 31 March 2017 is based on the unaudited loss attributable to owners of the Company of approximately HK\$2,075,000 (2016: HK\$4,968,000) and on the weighted average number of approximately 3,145,656,900 (2016: 3,145,656,900) ordinary shares in issue during the period.

The computation of diluted loss per share in 2017 and 2016 did not include the Company's outstanding share options since their assumed exercise would result in the decrease in the diluted 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 2016 (audited)	31,456	327,878	85,157	(5,255)	2,788	(42,273)	399,751	8,796	408,547
Other comprehensive income for the period	-	-	-	-	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)	<u>31,456</u>	<u>327,878</u>	<u>87,852</u>	<u>(5,255)</u>	<u>3,713</u>	<u>(47,241)</u>	<u>398,403</u>	<u>8,584</u>	<u>406,987</u>
At 1 January 2017 (audited)	31,456	327,878	91,987	(5,255)	3,159	(44,576)	404,649	7,900	412,549
Other comprehensive income for the period	-	-	-	-	65	-	65	89	154
Loss for the period	-	-	-	-	-	(2,075)	(2,075)	(141)	(2,216)
Total comprehensive income (expense) for the period	-	-	-	-	65	(2,075)	(2,010)	(52)	(2,062)
Recognition of equity-settled share-based payments	-	-	126	-	-	-	126	-	126
At 31 March 2017 (unaudited)	<u>31,456</u>	<u>327,878</u>	<u>92,113</u>	<u>(5,255)</u>	<u>3,224</u>	<u>(46,651)</u>	<u>402,765</u>	<u>7,848</u>	<u>410,613</u>

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

During the three-month period ended 31 March 2017, 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 2017, 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

Name of Director	Number of ordinary shares held	Approximate percentage of total issued shares of the Company
	<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*

Name of Director	Number of underlying shares held pursuant to share options	Approximate percentage of total issued shares of the Company
	<i>(Notes 2 & 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 2017, 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 International”)
(a listed holding company of the Company)

(a) Ordinary shares of Melco International

Name of Director	Number of ordinary shares held	Approximate percentage of total issued shares of Melco International
	<i>(Note 2)</i>	<i>(Note 1)</i>
Mr. Tsui Che Yin, Frank	4,629,660	0.30%
Mr. Ko Chun Fung, Henry	584,000	0.04%
Mr. Tsang Yuen Wai, Samuel	2,999,162	0.19%
Mr. Tam Chi Wai, Dennis	3,131,002	0.20%
Ms. Chan Po Yi, Patsy	4,000	0.00%

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

Name of Director	Number of underlying shares held pursuant to share options	Number of awarded shares held	Total	Approximate percentage of total issued shares of Melco International
	<i>(Notes 2 & 3)</i>	<i>(Notes 2 & 4)</i>		<i>(Note 1)</i>
Mr. Tsui Che Yin, Frank	3,450,000	118,000	3,568,000	0.23%
Mr. Tsang Yuen Wai, Samuel	1,903,000	66,000	1,969,000	0.13%
Mr. Tam Chi Wai, Dennis	3,362,000	97,000	3,459,000	0.22%

Notes:

1. As at 31 March 2017, the total number of issued shares of Melco International was 1,543,784,555.
2. This represents interests held by the relevant Director as beneficial owner.
3. Details of the 3,450,000 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
 - 2,080,000 share options granted on 8 April 2016 at exercise price of HK\$10.24 are divided into 4 tranches exercisable from 8 April 2016, 8 April 2017, 8 April 2018 and 8 April 2019 respectively to 7 April 2026

Details of the 1,903,000 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
- 1,448,000 share options granted on 8 April 2016 at exercise price of HK\$10.24 are divided into 4 tranches exercisable from 8 April 2016, 8 April 2017, 8 April 2018 and 8 April 2019 respectively to 7 April 2026

Details of the 3,362,000 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
- 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

- 2,012,000 share options granted on 8 April 2016 at exercise price of HK\$10.24 are divided into 4 tranches exercisable from 8 April 2016, 8 April 2017, 8 April 2018 and 8 April 2019 respectively to 7 April 2026
4. Details of the 118,000 awarded shares held by Mr. Tsui Che Yin, Frank are as follows:
- One half of the 64,000 awarded shares granted on 8 April 2015 will vest on each of the following dates: 8 April 2017 and 8 April 2018
 - One third of the 54,000 awarded shares granted on 8 April 2016 will vest on each of the following dates: 8 April 2017, 8 April 2018 and 8 April 2019

Details of the 66,000 awarded shares held by Mr. Tsang Yuen Wai, Samuel are as follows:

- One half of the 55,000 awarded shares granted on 8 April 2015 will vest on each of the following dates: 8 April 2017 and 8 April 2018
- One third of the 11,000 awarded shares granted on 8 April 2016 will vest on each of the following dates: 8 April 2017, 8 April 2018 and 8 April 2019

Details of the 97,000 awarded shares held by Mr. Tam Chi Wai, Dennis are as follows:

- One half of the 48,000 awarded shares granted on 8 April 2015 will vest on each of the following dates: 8 April 2017 and 8 April 2018
- One third of the 49,000 awarded shares granted on 8 April 2016 will vest on each of the following dates: 8 April 2017, 8 April 2018 and 8 April 2019

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

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

(b) Stock options granted by EGT

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

Notes:

1. As at 31 March 2017, 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
 - 25,000 stock options granted on 29 April 2016 at exercise price of US\$1.94 are divided into 3 tranches exercisable from 29 April 2017, 29 April 2018 and 29 April 2019 respectively to 28 April 2026

(C) Melco Crown (Philippines) Resorts Corporation (“MCP”)

(a listed subsidiary of Melco International)

(a) Common shares of MCP

Name of Director	Number of common shares held	Approximate percentage of total issued shares of MCP
	<i>(Note 2)</i>	<i>(Note 1)</i>
Mr. Tsang Yuen Wai, Samuel	28	0.00%
Mr. Tam Chi Wai, Dennis	780,364	0.01%

(b) Restricted shares granted by MCP

Name of Director	Number of restricted shares held	Approximate percentage of total issued shares of MCP
	<i>(Notes 2 & 3)</i>	<i>(Note 1)</i>
Mr. Tsang Yuen Wai, Samuel	546,254	0.01%
Mr. Tam Chi Wai, Dennis	546,254	0.01%

Notes:

1. As at 31 March 2017, the total number of issued shares of MCP was 5,662,897,278.
2. This represents interests held by the relevant Director as beneficial owner.

3. Details of the 546,254 restricted shares held by Mr. Tsang Yuen Wai, Samuel are as follows:

- One half of the 546,254 restricted shares granted on 30 September 2016 will vest on each of the following dates: 30 September 2018 and 30 September 2019

Details of the 546,254 restricted shares held by Mr. Tam Chi Wai, Dennis are as follows:

- One half of the 546,254 restricted shares granted on 30 September 2016 will vest on each of the following dates: 30 September 2018 and 30 September 2019

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 2017.

SHARE OPTION SCHEMES

The share option scheme adopted on 20 April 2002 (the “**2002 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 2002 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 2002 Share Option Scheme and 2012 Share Option Scheme during the three-month period ended 31 March 2017 are set out below:

Type of participants	Number of share options					As at 31 March 2017	Date of grant	Exercise period (HK\$)	Exercise price (Note)
	As at 1 January 2017	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
Under 2002 Share Option Scheme									
Director									
Mr. Pang Hing Chung, Alfred	278,936	-	-	-	-	278,936	10.07.2009	0.263	4
	278,936	-	-	-	-	278,936	18.11.2010	0.109	5
Sub-total:	557,872	-	-	-	-	557,872			
Employees	200,831	-	-	-	-	200,831	31.03.2008	0.638	2
	111,574	-	-	-	-	111,574	10.07.2009	0.263	4
	167,361	-	-	-	-	167,361	18.11.2010	0.109	5
Sub-total:	479,766	-	-	-	-	479,766			
Others	52,300	-	-	(52,300)	-	-	12.01.2007	0.063	1
	2,942,779	-	-	(292,882)	-	2,649,897	31.03.2008	0.638	2
	2,956,728	-	-	(2,956,728)	-	-	16.02.2009	0.215	3
Sub-total:	5,951,807	-	-	(3,301,910)	-	2,649,897			
Total:	6,989,445	-	-	(3,301,910)	-	3,687,535			

Type of participants	Number of share options					As at 31 March 2017	Date of grant	Exercise period (HK\$)	Exercise price (Note)
	As at 1 January 2017	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
Under 2012 Share Option Scheme									
Directors									
Mr. Tsui Che Yin, Frank	6,386,400	-	-	-	-	6,386,400	02.07.2013	0.511	6
	14,495,000	-	-	-	-	14,495,000	09.10.2015	0.465	7
	<u>20,881,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,881,400</u>			
Mr. Ko Chun Fung, Henry	3,193,200	-	-	-	-	3,193,200	02.07.2013	0.511	6
	14,495,000	-	-	-	-	14,495,000	09.10.2015	0.465	7
	<u>17,688,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,688,200</u>			
Mr. Tsang Yuen Wai, Samuel	6,386,400	-	-	-	-	6,386,400	02.07.2013	0.511	6
	14,495,000	-	-	-	-	14,495,000	09.10.2015	0.465	7
	<u>20,881,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,881,400</u>			
Mr. Tam Chi Wai, Dennis	6,386,400	-	-	-	-	6,386,400	02.07.2013	0.511	6
	14,495,000	-	-	-	-	14,495,000	09.10.2015	0.465	7
	<u>20,881,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,881,400</u>			
Mr. Tsoi, David	1,248,000	-	-	-	-	1,248,000	09.10.2015	0.465	7
Mr. Pang Hing Chung, Alfred	1,248,000	-	-	-	-	1,248,000	09.10.2015	0.465	7
Ms. Chan Po Yi, Patsy	1,248,000	-	-	-	-	1,248,000	09.10.2015	0.465	7
Sub-total:	<u>84,076,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,076,400</u>			
Substantial shareholder	7,385,871	-	-	-	-	7,385,871	02.07.2013	0.511	6
	10,752,000	-	-	-	-	10,752,000	09.10.2015	0.465	7
Sub-total:	<u>18,137,871</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,137,871</u>			
Employees	868,000	-	-	-	-	868,000	09.10.2015	0.465	7
Others	1,596,600	-	-	-	-	1,596,600	02.07.2013	0.511	6
	8,364,000	-	-	-	-	8,364,000	09.10.2015	0.465	7
Sub-total:	<u>9,960,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,960,600</u>			
Total:	<u>113,042,871</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>113,042,871</u>			

Notes:

1. 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.
2. 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.
3. 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.
4. 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.
5. 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.
6. 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.
7. 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.
8. 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.

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

As at 31 March 2017, 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 (" Melco LV ")	Beneficial owner	1,278,714,329	-	40.65%
Melco Leisure and Entertainment Group Limited (" Melco Leisure ") (Note 2)	Interest of a controlled corporation	1,278,714,329	-	40.65%
Melco International (Note 3)	Interest of controlled corporations	1,278,714,329	-	40.65%
Mr. Ho, Lawrence Yau Lung (" Mr. Ho ") (Note 4)	Interest of controlled corporations	1,278,714,329	-	40.65%
	Interest of a controlled corporation	3,530,000	-	0.11%
	Beneficial owner	-	18,137,871	0.58%
Ms. Lo Sau Yan, Sharen (Note 5)	Interest of spouse	1,282,244,329	18,137,871	41.34%

Notes:

1. As at 31 March 2017, 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 International 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 (i) 1,278,714,329 shares through his controlled corporations, Melco LV, Melco Leisure and Melco International; and (ii) 3,530,000 shares through his controlled corporation, Maple Peak Investments Inc. 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 1,300,382,200 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 2017.

COMPETING INTEREST

During the three-month period ended 31 March 2017, 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, risk management 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 2017 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 2017

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*