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新濠環彩
MelcoLot

MelcoLot Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8198)

DISCLOSEABLE AND CONNECTED TRANSACTION: INCREASE IN THE REGISTERED CAPITAL OF A SHANDONG JV COMPANY

The Board is pleased to announce that on 18 January 2011, the Supplemental Agreement is entered into among the Shandong JV, Shandong Zhenglu and Beijing Huaying, an indirect non wholly-owned subsidiary of the Company, pursuant to which the registered capital of the Shandong JV will be increased from RMB2,666,700 to RMB10,000,000 and Beijing Huaying will contribute RMB4,900,000 and Shandong Zhenglu will contribute RMB2,433,300 of the increase in registered capital of the Shandong JV. Pursuant to the Supplemental Agreement, Beijing Huaying has also agreed to pay Shandong Zhenglu the sum of RMB2,433,300 for the services rendered by Shandong Zhenglu in assisting the Shandong JV in obtaining the telephone lottery licence.

Upon completion of the Supplemental Agreement, Beijing Huaying will hold 65% equity interests in the Shandong JV which will continuously to be treated as an indirect non wholly-owned subsidiary of the Company and its accounts will continuously to be consolidated with that of the Group.

The Supplemental Agreement and the transaction contemplated thereunder constitute a discloseable transaction on the part of the Company under the GEM Listing Rules. As Shandong Zhenglu is a substantial shareholder of the Shandong JV and thus a connected person of the Company, the Supplemental Agreement and the transaction contemplated thereunder constitute a connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules. As each of the percentage ratios (other than the profits ratio) is less than 25% and the total consideration paid by the Group under the Supplemental Agreement is less than HK$10,000,000, the Supplemental Agreement and the transaction contemplated thereunder only subject to reporting and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 20 of the GEM Listing Rules.

BACKGROUND OF THE INCREASE IN REGISTERED CAPITAL

On 28 December 2006, the Shandong JV, Shandong Zhenglu and Beijing Huaying entered into the Capital Increase Agreement, pursuant to which the parties thereto had agreed to increase the registered capital of the Shandong JV and Beijing Huaying should be responsible for the contribution of such increase. Prior to the entering into of the Capital Increase Agreement, Beijing Huaying had acquired RMB1,600,000 registered capital in the Shandong JV, representing the then 60% equity interests in the Shandong JV.

The Board is pleased to announce that further to the Capital Increase Agreement, on 18 January 2011, the Shandong JV, Shandong Zhenglu and Beijing Huaying entered into the Supplemental Agreement to amend the terms of the Capital Increase Agreement, pursuant to which the parties thereto have agreed that the registered capital of Shandong JV will be increased by RMB7,333,300 from RMB2,666,700 to RMB10,000,000.

THE SUPPLEMENTAL AGREEMENT

Date: 18 January 2011

Parties:
(1) the Shandong JV;
(2) Shandong Zhenglu; and
(3) Beijing Huaying.

Information on the Shandong JV

The Shandong JV is a company established in the PRC with limited liability in 2000. In 2006, Beijing Huaying acquired 60% equity interest in the Shandong JV. Since then, the Shandong JV has been an indirect non wholly-owned subsidiary of the Company. As at the date of this announcement, the Shandong JV has the registered capital of RMB2,666,700. Before entering into the Supplemental Agreement, the Shandong JV was owned as to 60% by Beijing Huaying and as to 40% by Shandong Zhenglu. The Shandong JV is principally engaged in the provision of management services for distribution of lottery product and telephone lottery in Shandong Province, the PRC.

Information on Shandong Zhenglu

Shandong Zhenglu is a company established in the PRC with limited liability. Shandong Zhenglu, a wholly-owned subsidiary of Shandong Nan Jiao Group, is principally engaged in telecommunications value-added services and the wholesaling and retailing of clothing. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for its interests in the Shandong JV, Shandong Zhenglu and its ultimate beneficial owners are Independent Third Parties.

Information on Beijing Huaying

Beijing Huaying is a company established in the PRC with limited liability. Beijing Huaying is an indirect non wholly-owned subsidiary of the Company. Beijing Huaying is principally engaged in the provision of management services for distribution of lottery products in the PRC.

Increase in the registered capital of Shandong JV

Initially the registered capital of the Shandong JV was RMB2,666,700, as to RMB1,600,000 contributed by the Group and as to the remaining RMB1,066,700 contributed by Shandong Zhenglu. Pursuant to the Supplemental Agreement, the registered capital of the Shandong JV will be increased from RMB2,666,700 to RMB10,000,000 and Beijing Huaying will contribute RMB4,900,000 and Shandong Zhenglu will contribute RMB2,433,300 of the increase in the registered capital of the Shandong JV.

Pursuant to the Supplemental Agreement, Beijing Huaying has also agreed to pay Shandong Zhenglu the sum of RMB2,433,300 for the services rendered by Shandong Zhenglu in assisting the Shandong JV in obtaining the telephone lottery licence.

Immediately after the increase in the registered capital of the Shandong JV, the Shandong JV will have a registered capital of RMB10,000,000 as to RMB6,500,000 contributed by Beijing Huaying and as to RMB3,500,000 contributed by Shandong Zhenglu while Beijing Huaying and Shandong Zhenglu will hold 65% and 35% of the equity interests in the Shandong JV respectively.

The Group intends to finance the capital contribution from its internal fund.

Upon completion of the Supplemental Agreement, Beijing Huaying will hold 65% equity interests in the Shandong JV which will continuously to be treated as an indirect non wholly-owned subsidiary of the Company and its accounts will continuously to be consolidated with that of the Group.

Apart from the contributions towards the increase in the registered capital as set out herein, there are no further capital commitments that are required to be contributed by the relevant parties at this stage. If there is any further material capital commitments to be contributed by the relevant parties to the Shandong JV, further announcement will be made if and when appropriate to comply with the requirements under the GEM Listing Rules.

REASONS FOR ENTERING INTO THE SUPPLEMENTAL AGREEMENT

The Group is principally engaged in the lottery business. The Group are engaged in various lottery related businesses and ventures in the PRC and other Asian countries, as well as in the manufacturing of lottery terminals for the sports and welfare lottery businesses in the PRC.

Pursuant to the new policy for telephone lottery business promulgated by the Ministry of Finance of the PRC in September 2010, all the operators of the telephone lottery business are required to have a minimum registered capital of RMB10,000,000. In order to meet such requirement, the parties to the Supplemental Agreement agreed that it is a necessity to increase the registered capital of the Shandong JV to RMB10,000,000.

Further, after the arm's length negotiation with Shandong Zhenglu and in consideration that Shandong Zhenglu's contribution for assistance of the Shandong JV in obtaining the new telephone lottery licence, Beijing Huaying therefore agreed to contribute the entire RMB7,333,300 of the increased registered capital under the Supplemental Agreement.

As no Director has a material interest in the transaction contemplated thereunder the Supplemental Agreement, no Director is required to abstain from voting on the board resolution approving the Supplemental Agreement. The Directors (including the independent non-executive Director) are of view that the Supplemental Agreement would benefit the Group as it will enable the Shandong JV to meet the minimum statutory requirement in order to continue its telephone lottery business in Shandong Province, the PRC. The Directors (including the independent non-executive Director) consider that the terms of the Supplemental Agreement are on normal commercial terms and are fair and reasonable and the entering into the Supplemental Agreement is in the interests of the Shareholders and the Company as a whole.

GENERAL

The Supplemental Agreement and the transaction contemplated thereunder constitute a discloseable transaction on the part of the Company under the GEM Listing Rules. As Shandong Zhenglu is a substantial shareholder of the Shandong JV and thus a connected person of the Company, the Supplemental Agreement and the transaction contemplated thereunder constitute a connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules. As each of the percentage ratios (other than the profits ratio) is less than 25% and the total consideration paid by the Group under the Supplemental Agreement is less than HK$10,000,000, the Supplemental Agreement and the transaction contemplated thereunder only subject to reporting and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 20 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:

"**Board**"	the board of Directors
"**Beijing Huaying**"	Beijing Hua Ying Feng Cai Technology Ltd. (北京華盈風彩科技有限公司#), a company established in the PRC with limited liability, an indirect non wholly-owned subsidiary of the Company
"**Capital Increase Agreement**"	an agreement dated 28 December 2006 and entered into among the Shandong JV, Shandong Zhenglu and Beijing Huaying in respect of the increase of the registered capital of the Shandong JV
"**Company**"	MelcoLot Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the GEM of the Stock Exchange

“**connected person(s)**”	has the meaning ascribed to this term under the GEM Listing Rules
“**Directors**”	the directors of the Company
“**GEM**”	the Growth Enterprise Market of the Stock Exchange
“**GEM Listing Rules**”	the Rules Governing the Listing of Securities of the GEM
“**Group**”	the Company and its subsidiaries
“**Hong Kong**”	the Hong Kong Special Administrative Region of the PRC
“**Independent Third Party(ies)**”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“**PRC**”	the People’s Republic of China, which, for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administration Region of the PRC and Taiwan
“**Shandong JV**”	Shandong Kai Chuan Ji Yuan Electronic and Information Technology Ltd. (山東省開創紀元電子商務信息有限公司#), a company established in the PRC with limited liability, an indirect non wholly-owned subsidiary of the Company
“**Shandong Zhenglu**”	Shandong Zhenglu Industrial Company Limited (山東正魯實業有限責任公司#), a company established in the PRC with limited liability, the counterparty to the Shandong JV
“**Shareholder(s)**”	holder(s) of ordinary share(s) of HK$0.01 each in the capital of the Company
“**Stock Exchange**”	The Stock Exchange of the Hong Kong Limited

"**Supplemental Agreement**"	the agreement dated 18 January 2011 in supplement to the Capital Increase Agreement and entered into among the Shandong JV, Shandong Zhenglu and Beijing Huaying in respect of the proposed increase of the registered capital of the Shandong JV from RMB2,666,700 to RMB10,000,000
"**HK$**"	Hong Kong dollars, the lawful currency of Hong Kong
"**RMB**"	Renminbi, the lawful currency of the PRC
"**%**"	per cent.

The English transliteration of the Chinese names in this announcement, where indicated, is included for information only, and should not be regarded as the official English names of such Chinese names.

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

Hong Kong, 18 January 2011

As at the date of this announcement, the Board consists of two executive Directors, namely Mr. Ko Chun Fung, Henry and Mr. Moumouris, Christos, two non-executive Directors, namely Mr. Chan Sek Keung, Ringo and Mr. Wang, John Peter Ben, and three independent non-executive Directors, namely Mr. Tsoi, David, Mr. Pang Hing Chung, Alfred and Mr. So Lie Mo, Raymond.

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market ("**GEM**") of The Stock Exchange of Hong Kong Limited 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.