MelcoLot Limited

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

VOLUNTARY ANNOUNCEMENT: ACQUISITION OF THE REMAINING 20% EQUITY INTEREST OF PAL DEVELOPMENT LIMITED

This announcement is made on a voluntary basis. The purpose of this announcement is to keep the Shareholders informed of the latest development of the Company.

THE SALE AND PURCHASE AGREEMENT

On 19 September 2011, Precious Success (as the Purchaser) and LottVision (as the Vendor) entered into the Sale and Purchase Agreement with regard to the Acquisition for a Consideration of HK$250,000. Upon Completion, PAL will become an indirect wholly-owned subsidiary of the Company.

Completion took place simultaneously upon signing of the Sale and Purchase Agreement.

INTRODUCTION

This announcement is made on a voluntary basis. The purpose of this announcement is to keep the Shareholders informed of the latest development of the Company.

On 19 September 2011, Precious Success (as the Purchaser) and LottVision (as the Vendor) entered into the Sale and Purchase Agreement with regard to the Acquisition for a Consideration of HK$250,000.

Summarised below are the principal terms of the Sale and Purchase Agreement.

THE SALE AND PURCHASE AGREEMENT

Date

19 September 2011

Parties

(i) Precious Success, as the Purchaser, a wholly-owned subsidiary of the Company

(ii) LottVision, as the Vendor, a connected person of the Company under the relevant GEM Listing Rules

Subject of the Acquisition

The Sale Shares, being 50 million issued shares representing 20% of the entire issued share capital of PAL.

Consideration

The Consideration of HK$250,000 was determined after arm's length negotiations between the Purchaser and the Vendor with reference to (i) the scale of operation, marketing network, clientele and the business model that PAL has; (ii) the prospects of the PAL group; and (iii) the various factors set out in the section headed "Reasons for and Benefits of the Acquisition" below.

The Consideration has been satisfied by the Purchaser in cash upon Completion.

Condition of the Sale and Purchase Agreement

The Sale and Purchase Agreement is unconditional.

Completion

Completion took place simultaneously upon signing of the Sale and Purchase Agreement.

INFORMATION ON PAL

PAL, incorporated in Hong Kong, is an investment holding company and a non wholly-owned subsidiary of the Company immediately prior to Completion. PAL has a fully paid up issued share capital of HK$250 million divided into 250 million ordinary shares of HK$1.0 each, of which 50 million issued shares were beneficially owned by the Vendor and the remaining 200 million issued shares were beneficially owned by the Purchaser prior to Completion.

As at the date of this announcement, the subsidiaries of PAL are principally engaged in the lottery business in the PRC.

Set out below is the audited consolidated financial information of the PAL group:

	For the year ended 31 December	
	2009	**2010**
	HK$' million	*HK$' million*
	(audited)	(audited)
Revenue	11.1	12.2
Loss before and after taxation	(44.6)	(24.9)

	As at 31 December 2010 *HK$' million* (audited)
Net liabilities	(41.5)

Upon Completion, PAL will become an indirect wholly-owned subsidiary of the Company.

INFORMATION ON THE VENDOR

The Vendor is incorporated in BVI and its principal activities are investment holding.

The Vendor is an indirect wholly-owned subsidiary of LottVision Limited, a company which is incorporated in Bermuda with its shares listed on the Singapore Exchange Limited.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is principally engaged in investment holding, and through its subsidiaries is principally engaged in the lottery business. The subsidiaries of the Company 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.

The Group currently owns 80% equity interest in PAL. Upon completion of the Acquisition, PAL will become a wholly-owned subsidiary of the Company.

The Board intends to carry out a reorganisation of its lottery business and the Acquisition form part of such group reorganisation. In addition, the Company is currently engaged in discussion with other parties over possible transaction(s) in connection with the aforesaid group reorganisation but no legally binding agreement or contract has been entered into as at the date of this announcement. The aforesaid group reorganisation, if implemented, will reduce the overall liabilities of the Group. The Company will comply with the relevant disclosure requirements and make further announcement in the event that the Company enters into any agreement which, if consummated, would constitute a notifiable transaction of the Company under the GEM Listing Rules.

Having considered the aforesaid, the Directors (including the independent non-executive Directors) are of the view that the terms of the Acquisition are fair and reasonable and in the interests of the Shareholders and the Company as a whole.

As all the applicable percentage ratios as calculated under Rule 19.07 of the GEM Listing Rules are under 5% and the Consideration is under HK$10,000,000, the Acquisition is exempt from all the reporting, announcement and independent shareholders' approval requirements under Rule 20.31(2) of the GEM Listing Rules.

DEFINITIONS

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

"Acquisition"	the acquisition of the Sale Shares by the Purchaser pursuant to the Sale and Purchase Agreement
"Board"	the board of Directors
"BVI"	the British Virgin Islands
"Company"	MelcoLot Limited (stock code: 8198), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM
"Completion"	completion of the Acquisition
"connected person"	has the meaning ascribed to it under the GEM Listing Rules
"Consideration"	the total consideration of HK$250,000 for the Acquisition
"Director(s)"	the director(s) of the Company
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"LottVision" or "Vendor"	LottVision Investments Holdings Limited, a company incorporated in the BVI with limited liability and a connected person to the Company
"PAL"	PAL Development Limited, a company incorporated in Hong Kong with limited liability
"PRC"	the People's Republic of China, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement

"Precious Success" or "Purchaser"	Precious Success Holdings Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
"Sale and Purchase Agreement"	the sale and purchase agreement dated 19 September 2011 and entered into between the Purchaser and the Vendor
"Sale Shares"	50 million ordinary shares of HK$1.0 each in the issued share capital of PAL, being 20% of the entire issued share capital of PAL
"Shareholder(s)"	holder(s) of the Shares
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent.

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

Hong Kong, 19 September 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 GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for a minimum period of 7 days from the date of its publication and on the Company's website at www.melcolot.com.