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## **MelcoLot Limited**

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



## **Melco International Development Limited**

*(Incorporated in Hong Kong with limited liability)  
(Stock Code : 200)*

### **JOINT ANNOUNCEMENT**

**(1) MAJOR TRANSACTION AND  
CONNECTED TRANSACTION  
RELATING TO  
SALE AND PURCHASE OF SHARES IN  
MELCO PROPERTY DEVELOPMENT  
LIMITED**

**(2) TERMINATION OF  
CO-OPERATION WITH VEREMONTE  
ESPANA, S.L.U.**

**(3) APPLICATION FOR WHITEWASH  
WAIVER**

**(4) PROPOSED GRANT OF SPECIFIC  
MANDATE**

**(5) PROPOSED INCREASE IN  
AUTHORIZED SHARE CAPITAL**

**(1) DISCLOSEABLE TRANSACTION  
RELATING TO  
SALE AND PURCHASE OF SHARES IN  
MELCO PROPERTY DEVELOPMENT  
LIMITED**

**(2) TERMINATION OF  
CO-OPERATION WITH VEREMONTE  
ESPANA, S.L.U.**

**Independent financial adviser to the MelcoLot Independent Board Committee  
and to the MelcoLot Independent Shareholders**



**高銀融資有限公司**  
GOLDIN FINANCIAL LIMITED

## **SHARE PURCHASE AGREEMENT**

The MelcoLot Board and the Melco Board are pleased to announce that after the morning trading session closed at 12:00 noon on 9 October 2015, MelcoLot and Melco entered into the Share Purchase Agreement, pursuant to which MelcoLot has conditionally agreed to purchase, and Melco has conditionally agreed to sell, the Sale Shares comprising 99 ordinary shares in the share capital of the Company, representing 99% of the issued share capital of the Company.

Pursuant to the Share Purchase Agreement, the consideration for the sale of the Sale Shares is HK\$502,920,000.00, which shall be fully satisfied upon Completion by the allotment and issue of 2,196,157,205 new MelcoLot Shares by MelcoLot to Melco or to Melco Nominee(s) at the Issue Price of HK\$0.229 per MelcoLot Share, credited as fully paid.

The Consideration Shares to be allotted and issued by MelcoLot represent (i) approximately 69.82% of the issued share capital of MelcoLot as at the date of this announcement; and (ii) approximately 41.11% of the issued share capital of MelcoLot as enlarged by the issue and allotment of the Consideration Shares (assuming there is no other change to the share capital of MelcoLot other than the issue of the Consideration Shares pursuant to the Share Purchase Agreement from the date of this announcement up to Completion).

Completion is conditional on the Company obtaining and maintaining a valid Casino Authorization from the Catalan Government, amongst other conditions as set out in the section headed "Share Purchase Agreement" below. The result of the second phase tender for the Casino Authorization is expected to be announced no sooner than the second quarter of 2016, and could be subject to further changes depending on progress of the tender process.

## **IMPLICATIONS UNDER THE GEM LISTING RULES FOR MELCOLOT**

The Transaction constitutes:

- (1) a major transaction for MelcoLot under Rule 19.06(3) of the GEM Listing Rules, as one or more of the relevant percentage ratios under Rule 19.07 of the GEM Listing Rules is 25% or more but less than 100% for MelcoLot in relation to the Transaction; and
- (2) a connected transaction for MelcoLot under Chapter 20 of the GEM Listing Rules, as Melco, the seller of the Sale Shares, is a substantial shareholder of MelcoLot and hence a connected person of MelcoLot.

Accordingly, the Transaction is subject to the approval of the MelcoLot Independent Shareholders at the EGM. MLV and its associates, and any person who has a material interest in the Transaction are required to abstain from voting on the relevant resolution(s) to be proposed at the EGM to approve the Transaction.

As Mr. Tsui Che Yin, Frank, a MelcoLot Director, is also a Melco Director, he has abstained from voting in respect of the MelcoLot Board resolutions approving the Transaction.

### **IMPLICATIONS UNDER THE MB LISTING RULES FOR MELCO**

The Transaction constitutes a discloseable transaction for Melco under Rule 14.06(2) of the MB Listing Rules, as one or more of the relevant percentage ratios under Rule 14.07 of the MB Listing Rules is 5% or more but less than 25% for Melco in relation to the Transaction. Accordingly, the Transaction is subject to the reporting and announcement requirements under the MB Listing Rules for Melco.

As Mr. Tsui Che Yin, Frank, a Melco Director, is also a MelcoLot Director, he has abstained from voting in respect of the Melco Board resolutions approving the Transaction.

### **IMPLICATIONS UNDER THE TAKEOVERS CODE AND APPLICATION FOR WHITEWASH WAIVER**

As at the date of this announcement, MLV, an indirect wholly-owned subsidiary of Melco, holds 1,278,714,329 MelcoLot Shares, representing approximately 40.65% of the issued share capital of MelcoLot.

The consideration for the sale of the Sale Shares shall be fully satisfied upon Completion by the allotment and issue of the Consideration Shares, which will result in the percentage of MelcoLot's issued share capital held by Melco and its concert parties increasing from approximately 40.65% to approximately 65.05%, assuming that 2,196,157,205 new MelcoLot Shares will be issued and there are no other changes to the issued share capital of MelcoLot from the date of this announcement up to Completion.

In the absence of the Whitewash Waiver, Melco (or Melco Nominee(s), as the case may be) would, as a result of the issue of the Consideration Shares, be required to make a mandatory general offer under Rule 26 of the Takeovers Code for all the securities of MelcoLot not already owned or agreed to be acquired by it or parties acting in concert with it. An application to the Executive for the Whitewash Waiver will be made after publication of this announcement. The Whitewash Waiver, if granted by the Executive, would be subject to the approval of the MelcoLot Independent Shareholders at the EGM by way of poll. MLV, being a party acting in concert with Melco, will abstain from voting in respect of the resolution in relation to the Whitewash Waiver.

The Executive may or may not grant the Whitewash Waiver and the MelcoLot Independent Shareholders may or may not approve the Whitewash Waiver. The Transaction will not become unconditional and will not proceed if the Whitewash Waiver is not so granted or approved.

### **PROPOSED GRANT OF SPECIFIC MANDATE**

MelcoLot will seek the grant of a specific mandate from the MelcoLot Independent Shareholders at the EGM to allot and issue new MelcoLot Shares to satisfy the allotment and issue of the Consideration Shares pursuant to the terms of the Share Purchase Agreement.

## **PROPOSED INCREASE IN AUTHORIZED SHARE CAPITAL**

As at the date of this announcement, the authorized share capital of MelcoLot is HK\$55,000,000.00 divided into 5,500,000,000 MelcoLot Shares, of which 3,145,656,900 MelcoLot Shares have been issued and allotted as fully paid or credited as fully paid. In order to allow MelcoLot to have sufficient unissued MelcoLot Shares for the issue of the Consideration Shares and the flexibility to issue new MelcoLot Shares for future development, MelcoLot proposes to increase the authorized share capital of MelcoLot from HK\$55,000,000.00 divided into 5,500,000,000 MelcoLot Shares to HK\$75,000,000.00 divided into 7,500,000,000 MelcoLot Shares by the creation of an additional 2,000,000,000 MelcoLot Shares of HK\$0.01 each which will rank pari passu with all existing MelcoLot Shares.

The proposed increase in authorized share capital is conditional upon the passing of an ordinary resolution by the MelcoLot Shareholders at the EGM.

## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

An independent board committee comprising all the independent non-executive directors of MelcoLot, namely, Mr. Tsoi, David, Mr. Pang Hing Chung, Alfred and Ms. Chan Po Yi, Patsy, has been formed pursuant to the requirements of the GEM Listing Rules and the Takeovers Code to advise the MelcoLot Independent Shareholders on matters in relation to the Transaction, the Specific Mandate and the Whitewash Waiver. Mr. Tsui Che Yin, Frank, a non-executive director of MelcoLot, is not a member of the MelcoLot Independent Board Committee because he is also a Melco Director and is deemed to be interested in the Transaction, the Specific Mandate and the Whitewash Waiver.

MelcoLot has, with the approval from the MelcoLot Independent Board Committee, appointed Goldin Financial Limited as the Independent Financial Adviser in accordance with the requirements of the GEM Listing Rules and the Takeovers Code to advise the MelcoLot Independent Board Committee and the MelcoLot Independent Shareholders on matters in relation to the Transaction, the Specific Mandate and the Whitewash Waiver.

## **GENERAL**

**The Transaction is subject to a number of conditions including the grant of the Whitewash Waiver by the Executive and the obtaining of the MelcoLot Independent Shareholders' approval, which may or may not be fulfilled. The respective shareholders of MelcoLot and Melco and potential investors should exercise caution when dealing in the securities of MelcoLot and Melco, respectively.**

**The respective shareholders of MelcoLot and Melco and potential investors should note that, pursuant to guidance issued by the Stock Exchange in 2003 and Guidance Letter HKEx-GL71-14 issued by the Stock Exchange in January 2014 relating to "Gambling Activities Undertaken by Listing Applicants and/or Listed Issuers", the Stock Exchange may direct MelcoLot and/or Melco to take remedial actions and/or may suspend dealings in, or may cancel the listing of, the securities of MelcoLot pursuant to Rule 9.01 of the GEM Listing Rules and/or the securities of Melco pursuant to Rule 6.01 of the MB Listing Rules if the operation of the proposed gambling activities in connection with the Project, if and when it becomes operational, fails to comply with applicable laws in Spain and/or contravenes the Hong Kong Gambling Ordinance.**

## **INTRODUCTION**

The MelcoLot Board and the Melco Board are pleased to announce that after the morning trading session closed at 12:00 noon on 9 October 2015, MelcoLot and Melco entered into the Share Purchase Agreement relating to the sale and purchase of the Sale Shares.

## **SHARE PURCHASE AGREEMENT**

The principal terms of the Share Purchase Agreement are set out below:

**Date:** 9 October 2015

**Parties:** (1) MelcoLot (as the purchaser)

(2) Melco (as the seller)

### **Interests to be sold and purchased:**

Pursuant to the Share Purchase Agreement, MelcoLot has conditionally agreed to purchase, and Melco has conditionally agreed to sell, the Sale Shares comprising 99 ordinary shares in the share capital of the Company, representing 99% of the issued share capital of the Company.

### **Consideration:**

Pursuant to the Share Purchase Agreement, the consideration for the sale of the Sale Shares is HK\$502,920,000.00, which shall be fully satisfied upon Completion by the allotment and issue of the Consideration Shares by MelcoLot to Melco or to Melco Nominee(s) credited as fully paid.

The Consideration Shares represent (i) approximately 69.82% of the issued share capital of MelcoLot as at the date of this announcement; and (ii) approximately 41.11% of the issued share capital of MelcoLot as enlarged by the issue and allotment of the Consideration Shares (assuming there is no other change to the share capital of MelcoLot other than the issue of the Consideration Shares pursuant to the Share Purchase Agreement from the date of this announcement up to Completion).

The Consideration Shares, when issued and credited as fully paid, will rank *pari passu* in all respects with the MelcoLot Shares in issue at the time of allotment and issue of the Consideration Shares. No restrictions will be applied to the Consideration Shares on subsequent sale. An application will be made by MelcoLot to the Stock Exchange for the listing of and permission to deal in the Consideration Shares.

### **Basis of the consideration:**

The consideration for the Sale Shares was determined after arm's length negotiation between the parties to the Share Purchase Agreement having regard to a number of factors and a range of data, including, in particular, the number of Casino Authorizations expected to be issued, the expected costs of investment of the Project, the expected future trends for the gaming, hospitality and tourism sectors in the Mediterranean region, and the benefits to MelcoLot following Completion.

The Issue Price of HK\$0.229 per Consideration Share represents:

- (i) no premium or discount to the closing price of HK\$0.229 per MelcoLot Share as quoted on the Stock Exchange on 8 October 2015, being the Last Trading Day;
- (ii) a premium of approximately 0.44% to the average of the closing prices per MelcoLot Share of approximately HK\$0.228 for the last five consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day; and
- (iii) a premium of approximately 3.15% to the average of the closing prices per MelcoLot Share of approximately HK\$0.222 for the last ten consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day.

**Conditions precedent:**

Completion is conditional on:

- (a) Melco obtaining all necessary consents and approvals (including shareholders' approval, government approval and regulators' approval) required by Melco under the MB Listing Rules and any applicable laws and regulations for the Transaction;
- (b) MelcoLot obtaining all necessary consents and approvals (including MelcoLot Independent Shareholders' approval, government approval and regulators' approval) required by MelcoLot under the GEM Listing Rules and any applicable laws and regulations for the Transaction;
- (c) the Executive having granted to Melco or Melco Nominee(s) (as appropriate) the Whitewash Waiver (and such grant not having been revoked or withdrawn) and any conditions attached to it having been fulfilled;
- (d) the Whitewash Waiver having been approved by a resolution of the MelcoLot Independent Shareholders passed at a shareholders' meeting;
- (e) the GEM Listing Committee of the Stock Exchange granting an approval for the listing of, and permission to deal, in the Consideration Shares;
- (f) the continuous listing of the MelcoLot Shares on the GEM Board of the Stock Exchange save for any temporary suspension of trading arising out of or in connection with the Transaction or any temporary suspension of trading imposed by the GEM Listing Rules arising out of or in connection with the normal and usual course of business of MelcoLot;
- (g) the Company obtaining and maintaining a valid Casino Authorization from the Catalan Government;
- (h) there having been no material breach of any undertaking, covenant, representation or warranty given by Melco under the Share Purchase Agreement; and
- (i) there having been no material breach of any undertaking, covenant, representation or warranty given by MelcoLot under the Share Purchase Agreement.

The Condition set forth in (h) above may be waived unilaterally by MelcoLot. The Condition set forth in (i) above may be waived unilaterally by Melco. The Conditions set forth in (a) to (g) above cannot be waived.

In relation to the Condition set forth in (g) above, the result of the second phase tender for the Casino Authorization is expected to be announced no sooner than the second quarter of 2016, and could be subject to further changes depending on progress of the tender process.

If the Conditions have not been satisfied on or before the Longstop Date, the Share Purchase Agreement shall cease and terminate (save and except provisions relating to costs and expenses, announcement, notices, governing law and jurisdiction which shall continue to have full force and effect) and thereafter neither Melco nor MelcoLot shall have any obligations or liabilities under the Share Purchase Agreement to the other party, save for any antecedent breaches of the terms of the Share Purchase Agreement arising prior to such termination.

### **Completion:**

Completion is expected to take place on the date which is the fifth Business Day after all the Conditions have been satisfied at 10:00 a.m. (Hong Kong time) at 37/F., The Centrium, 60 Wyndham Street, Central, Hong Kong, or at any other place and/or on or at any other date or time (as the case may be) as may be agreed in writing by the parties to the Share Purchase Agreement.

Upon Completion, the Company will become a subsidiary of MelcoLot and the financial results of the Company will be consolidated with MelcoLot's financial results. As MelcoLot is a subsidiary of Melco as at the date of this announcement, the Company and MelcoLot will continue to be a subsidiary of Melco upon Completion (including immediately following the issue of the Consideration Shares by MelcoLot to Melco or Melco Nominee(s)).

### **EFFECTS OF THE TRANSACTION ON THE SHAREHOLDING STRUCTURE OF MELCOLOT**

Details of the shareholding structure of MelcoLot as at the date of this announcement and immediately after Completion (assuming there is no change in the issued share capital of MelcoLot other than the issue of the Consideration Shares from the date of this announcement up to Completion) are set out below:

	<b>As at the date of this announcement</b>		<b>Immediately after Completion</b>	
<b>MelcoLot Shareholders</b>	No. of MelcoLot Shares	Approx. % of the issued share capital of MelcoLot	No. of MelcoLot Shares	Approx. % of the issued share capital of MelcoLot
MLV <sup>Note 1</sup>	1,278,714,329	40.65%	1,278,714,329	23.94%
Melco or Melco Nominee(s)	-	-	2,196,157,205	41.11%
MelcoLot Directors <sup>Note 2</sup>	2,016,806	0.06%	2,016,806	0.04%
Public MelcoLot Shareholders	1,864,925,765	59.29%	1,864,925,765	34.91%
<b>Total:</b>	<b>3,145,656,900</b>	<b>100.00%</b>	<b>5,341,814,105</b>	<b>100.00%</b>

Notes:

1. MLV is an indirect wholly-owned subsidiary of Melco.
2. As at the date of this announcement, Mr. Tsoi, David and Mr. Pang Hing Chung, Alfred, being independent non-executive directors of MelcoLot, are interested in 430,806 MelcoLot Shares and 1,586,000 MelcoLot Shares respectively.

### **PROPOSED GRANT OF SPECIFIC MANDATE**

MelcoLot will seek the grant of a specific mandate from the MelcoLot Independent Shareholders at the EGM to allot and issue new MelcoLot Shares to satisfy the allotment and issue of the Consideration Shares pursuant to the terms of the Share Purchase Agreement.

### **PROPOSED INCREASE IN AUTHORIZED SHARE CAPITAL**

As at the date of this announcement, the authorized share capital of MelcoLot is HK\$55,000,000.00 divided into 5,500,000,000 MelcoLot Shares, of which 3,145,656,900 MelcoLot Shares have been issued and allotted as fully paid or credited as fully paid. In order to allow MelcoLot to have sufficient unissued MelcoLot Shares for the issue of the Consideration Shares and the flexibility to issue new MelcoLot Shares for future development, MelcoLot proposes to increase the authorized share capital of MelcoLot from HK\$55,000,000.00 divided into 5,500,000,000 MelcoLot Shares to HK\$75,000,000.00 divided into 7,500,000,000 MelcoLot Shares by the creation of an additional 2,000,000,000 MelcoLot Shares of HK\$0.01 each which will rank pari passu with all existing MelcoLot Shares.

The proposed increase in authorized share capital is conditional upon the passing of an ordinary resolution by the MelcoLot Shareholders at the EGM.

### **REASONS FOR AND BENEFITS OF THE TRANSACTION**

On 6 August 2014, the Company was selected by the Catalan Government as one of four pre-selected companies that had successfully passed through the first phase of the tender for the obtaining of the Casino Authorization and became entitled to participate in the second phase of the tender.

As previously announced by MelcoLot on 8 August 2014, SPV (a special purpose vehicle formed by MelcoLot and Veremonte) was also selected as one of the companies which passed through the first phase of the same tender and became entitled to participate in the second phase of the tender. However, as set out in the section headed "Termination of Co-operation with Veremonte" below, MelcoLot has terminated its co-operation with Veremonte in relation to the tender. Notwithstanding the cessation of its cooperation with Veremonte, MelcoLot remains interested in participating in the second phase of the tender process to obtain the Casino Authorization and to pursue the Project and has been exploring the feasibility of cooperating with other pre-qualified bidders (including the Company).

The Transaction is the best available platform in the current circumstances for the MelcoLot Group to continue participating in the tender and it represents an opportunity to expand the MelcoLot Group's business interests into the gaming and casino sector in the developing market of Spain.



The MelcoLot Group believes the Spain gaming market presents a unique opportunity with strong fundamentals to develop into a world class gaming market. The fundamentals include (1) strong trend of regional and international tourist's arrivals, overnight stays and occupancy rates in Barcelona; (2) strong tourist tractions to the Project location, which is located right next to PortAventura, one of the most visited theme parks in Europe, currently attracting around 4 million visitors per year; (3) growing attractiveness of the area around the Project, with the anticipation of PortAventura launching Ferrari Land in 2016 and other integrated resorts and commercial street attractions to be built next to the Project, driving more tourists to the Project location; and (4) significant first mover advantage as the only bidder with direct Macau experience and affiliation.

In light of this opportunity, the MelcoLot Group will benefit from the Transaction with the MelcoLot Group's level of participation in the Project being 99% if the Transaction is approved, compared to 50% as per the previous co-operation with Veremonte.

Having considered the above, other relevant factors as disclosed in this announcement and the fact that the Transaction will not become unconditional and will not proceed if the Whitewash Waiver is not granted by the Executive or if the Whitewash Waiver is not approved by the MelcoLot Independent Shareholders, the MelcoLot Directors (excluding the independent non-executive MelcoLot Directors who will express their views after having considered the advice of the Independent Financial Adviser) and the Melco Directors respectively believe that the terms of the Transaction are fair and reasonable and in the interests of MelcoLot and Melco and their respective shareholders as a whole.

#### **IMPLICATIONS UNDER THE GEM LISTING RULES FOR MELCOLOT**

The Transaction constitutes:

- (1) a major transaction for MelcoLot under Rule 19.06(3) of the GEM Listing Rules, as one or more of the relevant percentage ratios under Rule 19.07 of the GEM Listing Rules is 25% or more but less than 100% for MelcoLot in relation to the Transaction; and
- (2) a connected transaction for MelcoLot under Chapter 20 of the GEM Listing Rules, as Melco, the seller of the Sale Shares, is a substantial shareholder of MelcoLot and hence a connected person of MelcoLot.

Accordingly, the Transaction is subject to the approval of the MelcoLot Independent Shareholders at the EGM. MLV and its associates, and any person who has a material interest in the Transaction are required to abstain from voting on the relevant resolution(s) to be proposed at the EGM to approve the Transaction.

As Mr. Tsui Che Yin, Frank, a MelcoLot Director, is also a Melco Director, he has abstained from voting in respect of the MelcoLot Board resolutions approving the Transaction.

#### **IMPLICATIONS UNDER THE MB LISTING RULES FOR MELCO**

The Transaction constitutes a discloseable transaction for Melco under Rule 14.06(2) of the MB Listing Rules, as one or more of the relevant percentage ratios under Rule 14.07 of the MB Listing Rules is 5% or more but less than 25% for Melco in relation to the Transaction. Accordingly, the Transaction is subject to the reporting and announcement requirements under the MB Listing Rules for Melco.

As Mr. Tsui Che Yin, Frank, a Melco Director, is also a MelcoLot Director, he has abstained from voting in respect of the Melco Board resolutions approving the Transaction.

### **IMPLICATIONS UNDER THE TAKEOVERS CODE AND APPLICATION FOR WHITEWASH WAIVER**

As at the date of this announcement, MLV, an indirect wholly-owned subsidiary of Melco, holds 1,278,714,329 MelcoLot Shares, representing approximately 40.65% of the issued share capital of MelcoLot.

The consideration for the sale of the Sale Shares shall be fully satisfied upon Completion by the allotment and issue of the Consideration Shares, which will result in the percentage of MelcoLot's issued share capital held by Melco and its concert parties increasing from approximately 40.65% to approximately 65.05%, assuming that 2,196,157,205 new MelcoLot Shares will be issued and there are no other changes to the issued share capital of MelcoLot from the date of this announcement up to Completion.

In the absence of the Whitewash Waiver, Melco (or Melco Nominee(s), as the case may be) would, as a result of the issue of the Consideration Shares, be required to make a mandatory general offer under Rule 26 of the Takeovers Code for all the securities of MelcoLot not already owned or agreed to be acquired by it or parties acting in concert with it. An application to the Executive for the Whitewash Waiver will be made after publication of this announcement. The Whitewash Waiver, if granted by the Executive, would be subject to the approval of the MelcoLot Independent Shareholders at the EGM by way of poll. MLV, being a party acting in concert with Melco, will abstain from voting in respect of the resolution in relation to the Whitewash Waiver.

The Executive may or may not grant the Whitewash Waiver and the MelcoLot Independent Shareholders may or may not approve the Whitewash Waiver. The Transaction will not become unconditional and will not proceed if the Whitewash Waiver is not so granted or approved.

As at the date of this announcement, none of Melco or its concert parties:

- (a) holds, controls or has direction over any MelcoLot Shares, any options or warrants in respect of MelcoLot Shares, or any securities that are convertible into MelcoLot Shares, options and warrants, or has entered into any derivatives in respect of securities in MelcoLot, or holds any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in MelcoLot, other than the 1,278,714,329 MelcoLot Shares held by MLV, the 11,769,871 share options of MelcoLot held by Mr. Ho, Lawrence Yau Lung (a Melco Director) and the 22,386,400 share options of MelcoLot held by Mr. Tsui Che Yin, Frank (a Melco Director);
- (b) other than the Transaction, has acquired or disposed of or entered into any agreement or arrangement to acquire or dispose of any voting rights in MelcoLot within the six months prior to the date of the Share Purchase Agreement and up to the date of this announcement;
- (c) has received any irrevocable commitment to vote for or against the Transaction and/or the Whitewash Waiver;

- (d) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in MelcoLot;
- (e) has any arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of MelcoLot or of Melco, which might be material to the Transaction and/or the Whitewash Waiver, with other persons; or
- (f) has any agreement or arrangement to which it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Transaction and/or the Whitewash Waiver, other than the Conditions as set out in this announcement.

### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

An independent board committee comprising all the independent non-executive directors of MelcoLot, namely Mr. Tsoi, David, Mr. Pang Hing Chung, Alfred and Ms. Chan Po Yi, Patsy, has been formed pursuant to the requirements of the GEM Listing Rules and the Takeovers Code to advise the MelcoLot Independent Shareholders on matters in relation to the Transaction, the Specific Mandate and the Whitewash Waiver. Mr. Tsui Che Yin, Frank, a non-executive director of MelcoLot, is not a member of the MelcoLot Independent Board Committee because he is also a Melco Director and is deemed to be interested in the Transaction, the Specific Mandate and the Whitewash Waiver.

MelcoLot has, with the approval from the MelcoLot Independent Board Committee, appointed Goldin Financial Limited as the Independent Financial Adviser in accordance with the requirements of the GEM Listing Rules and the Takeovers Code to advise the MelcoLot Independent Board Committee and the MelcoLot Independent Shareholders on matters in relation to the Transaction, the Specific Mandate and the Whitewash Waiver.

### **INFORMATION ON MELCOLOT**

The MelcoLot Group is engaged in the provision of lottery-related technologies, systems and solutions in the PRC. It is a distributor of high quality, versatile lottery terminals and parts for the China Sports Lottery Administration Centre, which is the exclusive sports lottery operator in the PRC. The MelcoLot Group is engaged in discussions to launch a high end casino project in the Republic of Georgia. The casino will be strategically located in Tbilisi, the capital city, to attract visitors from the Black Sea area. Concurrently, the MelcoLot Group is pursuing the Project.

### **INFORMATION ON MELCO**

The Melco Group is principally engaged in leisure, gaming and entertainment and other investments. Mr. Ho, Lawrence Yau Lung is the ultimate controlling shareholder of Melco. Mr. Ho is interested (for the purpose of the SFO) in 774,910,396 shares in Melco, representing approximately 50.10% of the issued shares of Melco. Of the 774,910,396 shares in Melco in which Mr. Ho is interested, 27,699,132 shares (representing approximately 1.79% of the issued shares of Melco) are held by Mr. Ho directly, 291,868,606 shares (representing approximately 18.87% of the issued shares of Melco) are held by Better Joy Overseas Ltd., 118,339,024 shares (representing approximately 7.65% of the issued shares of

Melco) are held by Lasting Legend Ltd., 25,727,447 shares (representing approximately 1.66% of the issued shares of Melco) are held by Mighty Dragon Developments Limited, 7,294,000 shares (representing approximately 0.47% of the issued shares of Melco) are held by The L3G Capital Trust, and 303,982,187 shares (representing approximately 19.65% of the issued shares of Melco) are held by Great Respect Limited. All of such companies/trust are owned by persons and/or trust associated with Mr. Ho. By virtue of the SFO, Mr. Ho is deemed to be interested in the shares held by the aforesaid companies and trust. Great Respect Limited is a company controlled by a discretionary family trust, the beneficiaries of which include Mr. Ho and his immediate family members. Mr. Ho is taken to be interested in the 303,982,187 shares in Melco held by Great Respect Limited by virtue of him being one of the beneficiaries of the discretionary family trust for the purpose of the SFO.

## **INFORMATION ON THE COMPANY**

The Company is a company incorporated under the laws of the British Virgin Islands with company number 1501502, with issued share capital of US\$100.00 divided into 100 issued ordinary shares. As at the date of this announcement, Melco is the sole legal and beneficial owner of the Company, holding 100 shares in the Company, representing 100% of the issued share capital of the Company.

The unaudited net liabilities of the Company were approximately HK\$110,820.22 as at 31 December 2014.

As the Company has not engaged in any business since its incorporation other than participating in the tender process for the Casino Authorization, it has not generated any material profits or losses.

As the Company was established by Melco as an indirect wholly-owned subsidiary, there was no acquisition cost of the Company to Melco. Under the relevant accounting rules, as the Transaction does not result in the Company ceasing to be controlled by Melco Group, no profit or loss will be realized in the consolidated financial statements of Melco at Completion.

The full consideration in respect of the Transaction due to Melco will be satisfied by the issue of the Consideration Shares and there will be no cash proceeds of the disposal by Melco of the Company.

## **TERMINATION OF CO-OPERATION WITH VEREMONTE**

Reference is made to MelcoLot's announcement of 8 August 2014 in relation to the setting up of the SPV with Veremonte in relation to the tender for obtaining a Casino Authorization.

The MelcoLot Board wishes to announce that due to the lack of basis of further co-operation, MelcoLot has agreed with Veremonte that the SPV will not participate in the second phase of the tender process. A notice of withdrawal from the tender process was sent by the SPV to the Catalan Government on 8 October 2015 and the SPV will be wound up in due course.

Reference is also made to Melco's announcement of 25 April 2014 in relation to the entering into of a legally binding memorandum of understanding between Melco and Veremonte.

The Melco Board wishes to announce that on 8 October 2015, Melco and Vermonte entered into an agreement to terminate the MOU, pursuant to which each of Melco and Vermonte consented to the early termination of the MOU, released and discharged the other party from the observance and performance of all obligations under the MOU, and irrevocably waived all its rights against the other party under the MOU and released and discharged the other party from all liabilities in connection with those rights.

## **DISPATCH OF CIRCULAR**

MelcoLot will dispatch a circular in accordance with requirements of the GEM Listing Rules and the Takeovers Code, which will contain, among other things, (i) further details of the Transaction; (ii) the recommendation of the Independent Board Committee in relation to the Transaction, the Specific Mandate and the Whitewash Waiver; (iii) a letter of advice from the Independent Financial Adviser to the MelcoLot Independent Board Committee and the MelcoLot Independent Shareholders; (iv) financial information of the Company; and (v) the notice of the EGM.

The Circular is subject to review and comments by the Stock Exchange and the SFC. Pursuant to Rule 8.2 of the Takeovers Code, the Circular will be dispatched to the MelcoLot Shareholders within 21 days after the date of this announcement (i.e. 30 October 2015). The MelcoLot Shareholders and potential investors should refer to the Circular for further details of the Transaction.

## **GENERAL**

**The Transaction is subject to a number of conditions including the grant of the Whitewash Waiver by the Executive and the obtaining of the MelcoLot Independent Shareholders' approval, which may or may not be fulfilled. The respective shareholders of MelcoLot and Melco and potential investors should exercise caution when dealing in the securities of MelcoLot and Melco, respectively.**

**The respective shareholders of MelcoLot and Melco and potential investors should note that, pursuant to guidance issued by the Stock Exchange in 2003 and Guidance Letter HKEx-GL71-14 issued by the Stock Exchange in January 2014 relating to "Gambling Activities Undertaken by Listing Applicants and/or Listed Issuers", the Stock Exchange may direct MelcoLot and/or Melco to take remedial actions and/or may suspend dealings in, or may cancel the listing of, the securities of MelcoLot pursuant to Rule 9.01 of the GEM Listing Rules and/or the securities of Melco pursuant to Rule 6.01 of the MB Listing Rules if the operation of the proposed gambling activities in connection with the Project, if and when it becomes operational, fails to comply with applicable laws in Spain and/or contravenes the Hong Kong Gambling Ordinance.**

## DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms have the meanings set out below:

“associate(s)”	has the same meaning ascribed to it in the GEM Listing Rules and/or the MB Listing Rules (whichever is applicable);
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for normal business;
“Casino Authorization”	a casino authorization to be awarded by the Catalan Government under which the owner of such casino authorization has the right to install and operate casino(s) to conduct gaming activities in the recreation and tourism centre development of Vila-Seca and Salou, near Barcelona, Spain;
“Catalan Government”	the Generalitat of Catalonia in Spain;
“Circular”	the circular to be sent to the MelcoLot Shareholders in relation to the EGM containing details of the Transaction, the Specific Mandate, the proposed increase in authorized share capital and the Whitewash Waiver;
“Company”	Melco Property Development Limited, a company incorporated under the laws of the British Virgin Islands, a wholly-owned subsidiary of Melco immediately prior to Completion;
“Completion”	completion of the Transaction in accordance with the terms of the Share Purchase Agreement;
“Conditions”	the conditions precedent to Completion as set out in the section headed “Conditions precedent” in this announcement;
“connected person(s)”	has the same meaning ascribed to it in the GEM Listing Rules and/or the MB Listing Rules (whichever is applicable);
“Consideration Shares”	2,196,157,205 new MelcoLot Shares to be allotted and issued to Melco or to Melco Nominee(s) at the Issue Price, credited as fully paid;
“EGM”	the extraordinary general meeting of MelcoLot to be convened for the purpose of considering and, if thought fit, approving the Transaction, the Specific Mandate, the proposed increase in authorized share capital and the Whitewash Waiver;
“Executive”	the Executive Director of the Corporate Finance Division of the SFC from time to time or any delegate of the Executive Director;

“GEM”	the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Committee”	the GEM Listing Committee of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Financial Adviser”	Goldin Financial Limited, a corporation licensed under the SFO to carry on Type 6 regulated activities (advising on corporate finance) as defined under the SFO, the independent financial adviser to the MelcoLot Independent Board Committee and the MelcoLot Independent Shareholders in respect of the Transaction, the Specific Mandate and the Whitewash Waiver, appointed by MelcoLot as referred to above in this announcement;
“Issue Price”	HK\$0.229 per MelcoLot Share;
“Last Trading Date”	8 October 2015, being the last full trading day for the MelcoLot Shares before the date of this announcement;
“Longstop Date”	30 June 2016 (or such other date as Melco and MelcoLot may agree);
“MB Listing Rules”	the Rules Governing the Listing of Securities on the main board of the Stock Exchange;
“Melco”	Melco International Development Limited, a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange;
“Melco Board”	the board of directors of Melco;
“Melco Directors”	the director(s) of Melco from time to time;
“Melco Group”	Melco and its subsidiaries from time to time;
“Melco Nominee(s)”	one or more wholly-owned subsidiary(ies) of Melco nominated by Melco to be issued the Consideration Shares;
“Melco Shareholder(s)”	holder(s) of the ordinary share(s) in Melco;
“MelcoLot”	MelcoLot Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on GEM;
“MelcoLot Board”	the board of directors of MelcoLot;

“MelcoLot Directors”	the director(s) of MelcoLot from time to time;
“MelcoLot Group”	MelcoLot and its subsidiaries from time to time;
“MelcoLot Independent Board Committee”	an independent committee of the MelcoLot Board, comprising all the independent non-executive Directors, namely Mr. Tsoi, David, Mr. Pang Hing Chung, Alfred and Ms. Chan Po Yi, Patsy, formed for the purpose of advising the MelcoLot Independent Shareholders in respect of the Transaction, the Specific Mandate and the Whitewash Waiver;
“MelcoLot Independent Shareholders”	MelcoLot Shareholders other than Melco and persons acting in concert with Melco and MelcoLot Shareholders who are interested or involved in the Transaction and/or the Whitewash Waiver;
“MelcoLot Shareholder(s)”	holder(s) of the ordinary share(s) of HK\$0.01 each in the share capital of MelcoLot;
“MelcoLot Shares”	the issued shares of HK\$0.01 each in the capital of MelcoLot;
“MLV”	Melco LottVentures Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of Melco, holding 1,278,714,329 MelcoLot Shares (representing approximately 40.65% of the issued share capital of MelcoLot), as at the date of this announcement;
“MOU”	the legally binding memorandum of understanding dated 25 April 2014 entered into between Melco and Vermonte relating to the management of casino(s) in Spain;
“PRC”	the People’s Republic of China;
“Project”	the project of development of a hotel and casino complex in the recreation and tourism centre development of Vila-Seca and Salou, near Barcelona;
“Sale Shares”	99 ordinary shares of US\$1.00 each in the Company, representing 99% of the issued share capital of the Company;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share Purchase Agreement”	the share purchase agreement dated 9 October 2015 entered into between Melco and MelcoLot in relation to the Transaction;



“Specific Mandate”	the specific mandate to be granted to the MelcoLot Directors in relation to the allotment and issue of new MelcoLot Shares to satisfy the allotment and issue of the Consideration Shares pursuant to the terms of the Share Purchase Agreement, to be approved by the MelcoLot Independent Shareholders at the EGM;
“SPV”	BCN Integrated Resorts 2, S.A.U., in which MelcoLot and Veremonte each owns a 50% shareholding interest;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers issued by the SFC;
“Transaction”	the sale by Melco and the purchase by MelcoLot of the Sale Shares and the issue of the Consideration Shares by MelcoLot to Melco or Melco Nominee(s) pursuant to the terms and conditions of the Share Purchase Agreement;
“US\$”	United States dollars, the lawful currency of the United States of America;
“Veremonte”	Veremonte Espana, S.L.U.;
“Whitewash Waiver”	a waiver from the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligation of Melco or Melco Nominee(s) (as appropriate) to make a mandatory general offer for all the shares and other securities of MelcoLot not already owned or agreed to be acquired by Melco or Melco Nominee(s) (as appropriate) or persons acting in concert with Melco or Melco Nominee(s) (as appropriate), which would otherwise arise as a result of the issue by MelcoLot of the Consideration Shares to Melco or Melco Nominee(s) (as appropriate) upon Completion; and
“%”	per cent.

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

By Order of the Board of  
**Melco International Development Limited**  
**Ho, Lawrence Yau Lung**  
*Chairman and Chief Executive Officer*

Hong Kong, 9 October 2015

As at the date of this announcement, the Melco Board comprises Mr. Ho, Lawrence Yau Lung<sup>#</sup> (Chairman and Chief Executive Officer), Mr. Tsui Che Yin, Frank<sup>#</sup>, Mr. Chung Yuk Man, Clarence<sup>#</sup>; Mr. Ng Ching Wo<sup>\*</sup>, Mr. Chow Kwong Fai, Edward<sup>+</sup>, Mr. Sham Sui Leung, Daniel<sup>+</sup> and Dr. Tyen Kan Hee, Anthony<sup>+</sup>.

<sup>#</sup> Executive Director

<sup>\*</sup> Non-executive Director

<sup>+</sup> Independent Non-executive Director

*The Melco Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than information relating to MelcoLot) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement (other than opinions expressed by MelcoLot) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.*

As at the date of this announcement, the MelcoLot Board comprises Mr. Tsui Che Yin, Frank<sup>\*</sup> (Chairman), Mr. Ko Chun Fung, Henry<sup>#</sup>, Mr. Tsang Yuen Wai, Samuel<sup>#</sup>, Mr. Tam Chi Wai, Dennis<sup>#</sup>, Mr. Tsoi, David<sup>+</sup>, Mr. Pang Hing Chung, Alfred<sup>+</sup> and Ms. Chan Po Yi, Patsy<sup>+</sup>.

<sup>#</sup> Executive Director

<sup>\*</sup> Non-executive Director

<sup>+</sup> Independent Non-executive Director

*The MelcoLot Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than information relating to Melco and the Company) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement (other than opinions expressed by Melco) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.*

*This announcement, for which the MelcoLot 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 MelcoLot. The MelcoLot 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 be available at the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and will remain on the "Latest Company Announcements" page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its publication and on MelcoLot's website at [www.melcolot.com](http://www.melcolot.com).*