

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Loto Interactive Limited

(formerly known as “MelcoLot Limited 新濠環彩有限公司”)
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8198)

DISCLOSEABLE TRANSACTION IN RELATION TO PROVISION OF LOAN

The Board announces that on 18 October 2017, the Company, as lender, entered into the Loan Agreement with the Chargee, the Borrower and the Guarantor, pursuant to which the Company agreed to grant to the Borrower, an Independent Third Party, a Loan in the principal amount of HK\$99,000,000 at the interest rate of 6% per annum for a term of two (2) years. On the same date, the Company, as creditor, entered into the Security Agreement with the Chargee, the Guarantor and the Target, pursuant to which the Guarantor agreed to charge to the Chargee 95% of the entire equity interest in the Target as security for the Loan.

As the highest of the applicable percentage ratios (as set out in Rule 19.07 of the GEM Listing Rules) in respect of the provision of the Loan exceeds 5% but is less than 25%, the provision of the Loan constitutes a discloseable transaction for the Company and is, therefore, required to be announced under Chapter 19 of the GEM Listing Rules. The provision of the Loan also constitutes an advance to an entity under Rule 17.15 of the GEM Listing Rules.

THE LOAN AGREEMENT

The Board announces that on 18 October 2017, the Company, as lender, entered into the Loan Agreement with the Chargee, the Borrower and the Guarantor, pursuant to which the Company agreed to grant to the Borrower, an Independent Third Party, a Loan in the principal amount of HK\$99,000,000 at the interest rate of 6% per annum for a term of two (2) years.

A summary of the principal terms of the Loan Agreement is set out below:

Date: 18 October 2017

Parties:

- (1) the Company, as lender
- (2) Beijing Huancai Information Technology Ltd., as chargee
- (3) Yourich Inc Limited, as borrower
- (4) Mr. Liu He, as guarantor

Principal amount:	HK\$99,000,000
Interest:	6% per annum. The interests for the first twelve (12) months (being HK\$5,940,000) shall be paid on the drawdown date and made out of and deducted from the proceeds of the principal of the Loan.
Maturity date and repayment:	<p>The principal amount of the Loan together with all accrued and unpaid interests shall be repayable in full upon expiry of two (2) years after the drawdown date.</p> <p>The Borrower may prepay the principal amount of the Loan in full at any time before the maturity date together with corresponding interest accrued. However, if the principal amount of the Loan is prepaid before the expiry of the first twelve (12) months after the drawdown date, the interest paid for the first twelve (12) months shall not be returned to the Borrower.</p>
Number of drawdown:	Once only
Purpose of the Loan:	The Loan will be used by the Borrower as its operation working capital.
Security for the Loan:	The Loan were (i) guaranteed by the Guarantor, a director and sole beneficial owner of the Borrower; and (ii) secured by the Charge.
Conditions precedent:	<ul style="list-style-type: none"> (i) The signing of the Security Agreement between the Company, the Chargee, the Guarantor and the Target; (ii) The completion of registration with the industry and commerce authority of the Charge and the production of such evidence to the Company; and (iii) (if applicable) the obtaining of all approvals by relevant governmental authorities and regulatory organizations approving the Loan and the approvals remaining effective and no laws, regulations, rules, directives, orders, or notices prohibiting the Loan being issued, promulgated or enforced by relevant governmental authorities and regulatory organizations. <p>The above conditions precedent may be waived by the Company and the Borrower.</p>

The Loan to be granted under the Loan Agreement to the Borrower will be funded by internal resources of the Group.

THE SECURITY AGREEMENT

The Board announces that on 18 October 2017, the Company, as creditor, entered into the Security Agreement with the Chargee, the Guarantor and the Target, pursuant to which the Guarantor agreed to charge to the Chargee 95% of the entire equity interest in the Target as security for the Loan.

A summary of the principal terms of the Security Agreement is set out below:

- Date:** 18 October 2017
- Parties:**
- (1) the Company, as creditor
 - (2) Beijing Huancai Information Technology Ltd., as chargee
 - (3) the Guarantor, as chargor
 - (4) Artix Investment Co., Ltd., as target
- Charged assets:** 95% of the entire equity interest in the Target held by the Guarantor and any rights and interests derived thereof.
- Secured obligations:**
- (i) The Loan and any interests, penalties and compensation; and
 - (ii) Costs incurred by the Chargee and the Company in relation to enforcement.
- Registration:** The Guarantor shall within 5 days of the Security Agreement register the Charge with the relevant industry and commerce authority and produce evidence of the registration to the Chargee within 10 days of the Security Agreement.
- Enforcement:** Upon default by the Borrower, the Chargee and the Company shall be entitled to enforce the Charge in accordance with law and the proceeds shall first be applied towards repayment of the Loan and interests.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LOAN AGREEMENT

The provision of the Loan under the Loan Agreement will generate interest income for the Group. The terms of the Loan Agreement (including the interest rate) were arrived at the parties thereto after arm's length negotiations, with reference to the commercial practice and the amount of the Loan. The Directors consider that the terms of the Loan Agreement are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

As the highest of the applicable percentage ratios (as set out in Rule 19.07 of the GEM Listing Rules) in respect of the provision of the Loan exceeds 5% but is less than 25%, the provision of the Loan constitutes a discloseable transaction for the Company and is, therefore, required to be announced under Chapter 19 of the GEM Listing Rules. The provision of the Loan also constitutes an advance to an entity under Rule 17.15 of the GEM Listing Rules.

INFORMATION ON THE GROUP

The Group is engaged in the provision of lottery-related technologies, systems and solutions in the PRC. It is a distributor of high-quality and versatile lottery terminals and parts for the China Sports Lottery Administration Centre, which is the exclusive sports lottery operator in the PRC.

INFORMATION ON THE BORROWER

Yourich Inc Limited, a company incorporated in Hong Kong with limited liability, is principally engaged in the trading of fine wines and wine futures and providing fine wine storage services to the customers. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Borrower and its ultimate beneficial owners is an Independent Third Party.

DEFINITIONS

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

“Board”	the board of Directors
“Borrower”	Yourich Inc Limited, a company incorporated in Hong Kong with limited liability and an Independent Third Party
“Charge”	the charge over 95% of the entire equity interest of the Target created under the Security Agreement as security for the Loan
“Chargee”	Beijing Huancai Information Technology Ltd., a company incorporated in the PRC and a non-wholly-owned subsidiary of the Company
“Company”	Loto Interactive Limited, a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on GEM
“connected person(s)”	has the meaning given to it in the GEM Listing Rules
“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
“Guarantor”	Mr. Liu He, the 100% shareholder and de factor controller of the Borrower
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	a third party independent of the Company and the connected persons (as defined in the GEM Listing Rules) of the Company
“Loan”	the loan in the amount of HK\$99,000,000 granted by the Company to Borrower pursuant to the Loan Agreement
“Loan Agreement”	the loan agreement dated 18 October 2017 and entered into between the Company, the Chargee, the Guarantor and the Borrower in relation to the provision of the Loan
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Security Agreement”	the security agreement date 18 October 2017 and entered into between the Company, the Chargee, the Guarantor and the Target in relation to the creation of the Charge
“Share(s)”	ordinary share(s) of a par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Artix Investment Co., Ltd., a company incorporated in the PRC and a non-wholly-owned subsidiary of the Borrower
“%”	per cent.

By Order of the Board
Loto Interactive Limited
Wang Bingzhong
Chief Executive Officer and Executive Director

Hong Kong, 18 October 2017

As at the date of this announcement, the Board of Directors comprises Mr. Pan Zhengming (Chairman), Mr. Wang Bingzhong#(Chief Executive Officer), Mr. Wu Jian#, Mr. Yu Min*, Mr. Lu Haitian+, Mr. Yan Hao+ and Mr. Lin Sen+.*

Executive Director

* *Non-executive Director*

+ *Independent Non-executive Director*

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.lotoie.com.