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Loto Interactive Limited

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

**VOLUNTARY ANNOUNCEMENT
BUSINESS UPDATE IN RELATION TO
GAME BUSINESS**

This announcement is made by Loto Interactive Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis and aims to update the shareholders of the Company and potential investors on the latest business development of the Group.

IMAGE COPYRIGHT LICENSE AGREEMENT

The board (the “**Board**”) of directors (the “**Director(s)**”) of the Company is pleased to announce that on 12 July 2018, 深圳樂玩無限信息技術有限公司 (Shenzhen Lewanwuxian Information Technology Co., Ltd.) (“**Shenzhen Lewanwuxian**”), a subsidiary of the Company, entered into an image copyright license agreement (the “**Image Copyright License Agreement**”) with Fashion League Group (HK) Limited (“**Fashion League**”) for three years commencing from 1 June 2018, pursuant to which Fashion League granted to Shenzhen Lewanwuxian an intellectual property right to use the image of animated movie namely UNDERDOG (“**UNDERDOG**”) as the image to use in the game (the “**Game**”), subject to the terms of the Image Copyright License Agreement. Shenzhen Lewanwuxian has agreed to pay the guarantee money and revenue sharing. The amount of revenue sharing payable to Fashion League shall not exceed HK\$20 million.

INFORMATION ON SHENZHEN LEWANWUXIAN, FASHION LEAGUE AND UNDERDOG

Information on Shenzhen Lewanwuxian

Shenzhen Lewanwuxian, a subsidiary of the Company, is the developer and producer of the Game and has independent copyright and operation right of the Game. The Group is engaged in (i) the provision of lottery-related technologies, systems and solutions to two state-run lottery operators in the People’s Republic of China, namely the China Welfare Lottery Issuance Centre and China Sports Lottery Administration Centre; (ii) the provision of technology services and solutions; and (iii) the provision of gaming service.

Information on Fashion League

Fashion League is a company incorporated in Hong Kong with limited liability. It is an emerging and fast-growing service provider of merchandising intellectual property (“IP”) rights business in the Great China. By employing the unique IP data analysis and the creative new model of e-commerce, Fashion League aims at restructuring the full industry chain of the IP authorization business and creates more value for IP licensors, licensees, and also for the customers. Fashion League also invests and owns several proprietary IP assets, while UNDERDOG is one of them, and engages in the full-life cycle of IP development.

Information on UNDERDOG

UNDERDOG is an animation made by two directors, Oh Sung-yoon and Lee Choon-baek, director of Leafie, a Hen into the Wild (2011), which has rewritten Korean animation box office history with 2.2 million admissions. Having taken 6 years to complete, this animation is about a group of abandoned dogs’ journey to find real freedom, happiness and their true selves. UNDERDOG is the opening film of 2018 Bucheon International Fantastic Film Festival (BIFAN). The film is scheduled for a worldwide release in the second half of 2018.

The Board believes that the entering into of the Image Copyright Licensing Agreement represents a good opportunity for the Company to tap into the fast growing game market, diversify its business and maximize the return of the shareholders of the Company.

The Group will evaluate further business opportunities within the game industry. The Company will keep the shareholders of the Company and potential investors informed of any further development of the latest business plan and developments of the Group as and when appropriate.

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

Hong Kong, 12 July 2018

As at the date of this announcement, the Board of Directors comprises Mr. Pan Zhengming (Chairman), Mr. Wang Bingzhong[#] (Chief Executive Officer), Ms. Huang Lilan[#], Mr. Yuan Qiang*, Dr. 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.