

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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8198)

**INSIDE INFORMATION
AND
DISCLOSEABLE TRANSACTION
ENTERING INTO OF AN EQUITY TRANSFER AGREEMENT**

The Board is pleased to announce that on 5 March 2019 (after trading hours), Chengdu Keying entered into the Agreement with the Target Company and the Sellers in respect of the acquisition by Chengdu Keying of the entire equity interest of the Target Company for the purpose of obtaining the benefit under the Power Supply Agreement.

This announcement is made by the Company pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rule 17.10 of the GEM Listing Rules.

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 transfer of the entire equity interest in the Target Company exceeds 5% but is less than 25%, the transfer of the entire equity interest in the Target Company constitutes a discloseable transaction for the Company is, therefore, required to be announced under Chapter 19 of the GEM Listing Rules.

This announcement is made by the Company pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rule 17.10 of the GEM Listing Rules.

RECENT BUSINESS DEVELOPMENT

Reference is made to the Previous Announcement in relation to the business development of the Group into cutting-edge technologies and applications.

As at the date of this announcement, the Company, through Chengdu Keying, has started building the Big Data Centre in relation to the provision of data analysis and storage services and ancillary administrative and consulting services. Due to the demand for electricity resources by the Big Data Centre during its daily operation, Chengdu Keying intended to obtain a stable source of electricity supply at a reasonable cost from local utility service suppliers through qualified distributors.

AGREEMENT

The Board is pleased to announce that on 5 March 2019 (after trading hours), Chengdu Keying entered into the Agreement with the Target Company and the Sellers in respect of the acquisition by Chengdu Keying of the entire equity interest of the Target Company for the purpose of obtaining the benefit under the Power Supply Agreement.

The principal terms of the Agreement are set out below.

Date

5 March 2019

Parties

- (1) Chengdu Keying as the purchaser
- (2) The Target Company
- (3) Seller I and Seller II as the sellers

Transfer of the Target Company

Pursuant to the Agreement, the Target Company and the Sellers shall cause the registered shareholders of the entire equity interest in the Target Company be changed to Chengdu Keying or its nominee at nominal consideration of RMB1.00 as soon as practicable.

The parties to the Agreement agreed that:

- (i) the intention of the Agreement is for Chengdu Keying to obtain the benefit of the Target Company under the Power Supply Agreement only;
- (ii) the Sellers shall procure the Target Company to dispose of all other assets and repay or novate all other obligations and liabilities except for those deriving from the Power Supply Agreement;
- (iii) Chengdu Keying undertakes to offer reasonable assistance to the Sellers to effect any disposal or novation mentioned above; and
- (iv) all contractual rights and obligations of the Target Company incurred during its past operations except for the Power Supply Agreement and all current or potential liabilities of the Target Company except for those in relation to the Power Supply Agreement shall be borne by the Sellers.

REASONS AND BENEFITS OF ENTERING INTO OF THE AGREEMENT

Reference is made to the Previous Announcement. The Group has been exploring various business opportunities in relation to the cutting-edge technologies and applications. Since January 2019, the Company, through Chengdu Keying, has started to build the Big Data Centre in Sichuan Province to provide data analysis and storage services and ancillary administrative and consulting services.

The Power Supply Agreement was entered into between the Target Company and a state-owned utility service supplier in Sichuan Province. Pursuant to the Power Supply Agreement, the state-owned utility service supplier shall supply electricity to the designated premises at an agreed per unit price. The Target Company shall pay on monthly basis in accordance with the actual amount of electricity consumed each month. There is no requirement on the minimum electricity consumption of the Target Company.

The parties to the Agreement had tried to assign all rights and obligations under the Power Supply Agreement from the Target Company to Chengdu Keying. Nonetheless, due to certain practical difficulties, the parties agreed to effect such transfer by way of a transfer of the entire equity interest in the Target Company from the Sellers to Chengdu Keying.

The Power Supply Agreement will provide a stable source of electricity supply for the daily operation of the Big Data Centre and avoid any unnecessary costs or disruption to the business of the Big Data Centre caused by procurement for alternate source of power supply.

The terms of the Agreement were arrived at after arm's length negotiations among the parties thereto and with reference to the normal commercial practice in the utility industry of the PRC. The Directors consider that the terms of the Agreement are fair and reasonable and are in the interest of the Company and its shareholders as a whole.

INFORMATION ON THE GROUP

The Group is principally engaged in the provision of lottery-related technologies, systems and solutions to two state-run lottery operators in the PRC.

Chengdu Keying is a company established in the PRC and a wholly-owned subsidiary of the Company. It is principally engaged in technology and software development and data analysis and storage business.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company established in the PRC on 1 December 2017 and principally engaged in technology services, data analysis and storage services and power supply business in the PRC. It is held by Seller I and Seller II as to 51% and 49%, respectively. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Target Company and the Sellers is a third party independent of the Company and its connected persons.

The Target Company recorded an unaudited net loss in the amount of approximately RMB49,600 for the financial year ended 31 December 2018.

It is expected that upon completion of the transfer of the entire equity interest in the Target Company, the Target Company will not hold any assets or have any operations except for the Power Supply Agreement and the provision of electricity to the Big Data Centre thereunder.

IMPLICATIONS UNDER THE GEM LISTING RULES

The purpose of the Agreement is to obtain the rights and obligations under the Power Supply Agreement by the Company and that the Target Company is not expected to hold any assets or have any operations except for the Power Supply Agreement upon completion of the transfer of the Target Company. Since the Target Company did carry out limited business operations in 2018, the Company shall comply with the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules based on its previous financial information. However, all such operations shall be terminated and all assets and obligations of the Target Company, except for those relating to the Power Supply Agreement, shall be disposed of or novated upon completion of the transfer, the previous financial performance of the Target Company is not expected to have any implication on the Company.

As the highest of the applicable percentage ratios (as set out in Rule 19.07 of the GEM Listing Rules) in respect of the transfer of the entire equity interest in the Target Company exceeds 5% but is less than 25%, the transfer of the entire equity interest in the Target Company constitutes a discloseable transaction for the Company is, therefore, required to be announced under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

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

“Agreement”	the equity transfer agreement dated 5 March 2019 entered into between Chengdu Keying, the Target Company and the Sellers
“Big Data Centre”	the big data centre in Sichuan Province operated by Chengdu Keying
“Board”	the board of Directors
“Chengdu Keying”	成都科盈互動信息科技有限公司 (Chengdu Keying Interactive Information Technology Limited), a company established in the PRC and a wholly-owned subsidiary of the Company
“Company”	Loto Interactive Limited, a company incorporated in the Cayman Islands and the Shares of which are listed on the GEM of the Stock Exchange
“Director(s)”	Director(s) of the Company
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM of the Stock Exchange
“Group”	the Company and its subsidiaries from time to time

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes the Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Previous Announcement”	the announcement of the Company dated 13 April 2018
“Power Supply Agreement”	the power supply agreement entered into between the Target Company and a state-owned utility service supplier in Sichuan Province
“RMB”	Renminbi, the lawful currency of the PRC
“Seller I”	Mr. Guo Xiaoquan
“Seller II”	Mr. Zhong Chichang
“Sellers”	collectively, Seller I and Seller II
“Shares”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	成都伊萊科科技有限公司 (Chengdu Yilaike Technology Co., Ltd.), a company established in the PRC and owned by Seller I and Seller II as to 51% and 49%, respectively
“%”	per cent.

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

Hong Kong, 5 March 2019

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.