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# THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of the Offers, this Composite Document and/or the accompanying Forms of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Loto Interactive Limited, you should at once hand this Composite Document and the accompanying Forms of Acceptance to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

This Composite Document should be read in conjunction with the accompanying Forms of Acceptance, the contents of which form part of the terms and conditions of the Offers contained in this Composite Document.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Forms of Acceptance, make no representation as to their 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 Composite Document and the accompanying Forms of Acceptance.

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**MANFUL KINGDOM LIMITED**  
**萬豐興業有限公司**

*(Incorporated in Hong Kong with limited liability)*



**Loto Interactive Limited**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Exchange Stock Code: 8198)**

**COMPOSITE DOCUMENT**  
**RELATING TO MANDATORY UNCONDITIONAL CASH OFFERS BY**  
**LEGO SECURITIES LIMITED**  
**FOR AND ON BEHALF OF MANFUL KINGDOM LIMITED TO ACQUIRE**  
**ALL THE ISSUED SHARES OF AND TO CANCEL ALL OUTSTANDING**  
**SHARE OPTIONS OF LOTO INTERACTIVE LIMITED (OTHER THAN THOSE**  
**ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY**  
**MANFUL KINGDOM LIMITED**  
**AND/OR PARTIES ACTING IN CONCERT WITH IT)**

**Financial adviser to Manful Kingdom Limited**



**Financial adviser to the Company**



**Independent financial adviser to the Independent Board Committee**



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Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "DEFINITIONS" in this Composite Document.

A letter from Lego Securities containing, amongst other things, details of the terms and conditions of the Offers is set out on pages 8 to 20 of this Composite Document. A letter from the Board is set out on pages 21 to 30 of this Composite Document.

A letter from the Independent Board Committee containing its recommendation and advice to the Offer Shareholders and Optionholders on the Offers is set out on pages 31 to 32 of this Composite Document. A letter from the Independent Financial Adviser containing its recommendation and advice to the Independent Board Committee on the Offers is set out on pages 33 to 62 of this Composite Document.

The procedures for acceptance and settlement of the Offers are set out in Appendix I to this Composite Document and in the accompanying Forms of Acceptance. The relevant Forms of Acceptance should be received by the Registrar (in respect of the Share Offer) or the company secretary of the Company (in respect of the Option Offer) by no later than 4:00 p.m. on Friday, 9 September 2022 or such later time(s) and/or date(s) as the Offeror may determine and announce, with the consent of the Executive, in accordance with the Takeovers Code.

Any person including, without limitation, custodians, nominees and trustees who would, or otherwise intend to, forward this Composite Document and/or the accompanying Forms of Acceptance to any jurisdiction outside Hong Kong should read the details in this regard which are contained in the section headed "IMPORTANT NOTICES" contained in this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder and Overseas Optionholder wishing to accept the Offers to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdiction. Overseas Shareholders and Overseas Optionholders are advised to seek professional advice on deciding whether to accept the Offers.

This Composite Document will remain on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company at [www.lotoie.com](http://www.lotoie.com) as long as the Offers remain open.

19 August 2022

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## EXPECTED TIMETABLE

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*The expected timetable set out below is indicative only and may be subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Company as and when appropriate. Unless otherwise specified, all time and date references contained in this Composite Document refer to Hong Kong times and dates.*

<b>Event</b>	<b>Time &amp; Date 2022</b>
Despatch date of this Composite Document and the accompanying Forms of Acceptance ( <i>Note 1</i> ) .....	Friday, 19 August
Offers open for acceptance ( <i>Note 1</i> ) .....	Friday, 19 August
Latest time and date for acceptance of the Offers ( <i>Notes 2, 3 and 5</i> ) .....	by 4:00 p.m. on Friday, 9 September
Closing Date ( <i>Notes 2 and 3</i> ) .....	Friday, 9 September
Announcement of the results of the Offers (or its extension or revision, if any) on the website of the Stock Exchange and the Company ( <i>Note 2</i> ) .....	by 7:00 p.m. on Friday, 9 September
Latest date for posting of remittances for the amounts due in respect of valid acceptances received under the Offers ( <i>Notes 4 and 5</i> ) .....	Wednesday, 21 September

*Notes:*

1. The Offers, which are unconditional in all respects, are made on the date of posting of this Composite Document, and are capable of acceptance on and from that date until 4:00 p.m. on the Closing Date. Acceptances of the Offers shall be irrevocable and not capable of being withdrawn, except in the circumstances as set out in the section headed “6. Right of withdrawal” in Appendix I to this Composite Document.
2. In accordance with the Takeovers Code, the Offers must initially be open for acceptance for at least 21 days following the date on which this Composite Document is posted. The Offers will be closed for acceptances on the Closing Date. The latest time and date for acceptance of the Offers will be at 4:00 p.m. on Friday, 9 September 2022 unless the Offeror revises or extends the Offers in accordance with the Takeovers Code. The Offeror and the Company will jointly issue an announcement through the websites of the Stock Exchange by no later than 7:00 p.m. on Friday, 9 September 2022, stating the results of the Offers and whether the Offers have been extended, revised or have closed for acceptance. In the event that the Offeror decides to extend or revise the Offers and the announcement does not specify the next closing date, at least 14 days’ notice by way of an announcement will be given before the Offers are closed to those Offer Shareholders and Offer Optionholders who have not accepted the Offers.

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## EXPECTED TIMETABLE

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3. Beneficial owners of the Offer Shares who hold their Offer Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements, details of which are set out in Appendix I to this Composite Document, for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.
4. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty) payable in respect of the Offer Shares tendered under the Share Offer will be despatched to the accepting Offer Shareholders by ordinary post at their own risk as soon as possible, and remittances in respect of the cash consideration payable for the Share Options tendered under the Option Offer will be despatched to the Offer Optionholders by ordinary post at their own risk as soon as possible, but in any event within seven (7) Business Days following the date of receipt by the Registrar (in respect of the Share Offer) or the Company (in respect of the Option Offer) of the duly completed Forms of Acceptance and all requisite documents to render the acceptance under the Offers complete and valid in accordance with the Takeovers Code.
5. If there is a tropical cyclone warning signal number 8 or above, or a "black rainstorm warning" or "extreme condition" caused by super typhoon:
  - (i) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offers and the latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances, the latest time for acceptance of the Offers will remain at 4:00 p.m. on the same Business Day and the posting of remittances will remain on the same Business Day; or
  - (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offers or the latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances, as the case may be, the latest time for acceptance of the Offers and posting of remittances will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m. or such other day as the Executive may approve in accordance with the Takeovers Code.

*Save as mentioned above, if the latest time for acceptance of the Offers does not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will jointly notify the Offer Shareholders and Offer Optionholders by way of announcement(s) on any change to the expected timetable as soon as practicable.*

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## **IMPORTANT NOTICES**

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### **NOTICE TO OVERSEAS SHAREHOLDERS AND OVERSEAS OPTIONHOLDERS**

The Offeror intends to make the Offers available to all Offer Shareholders and Offer Optionholders, including the Overseas Shareholders and Overseas Optionholders. However, the Offers to persons not resident in Hong Kong may be affected by the laws and regulations of the relevant jurisdiction in which they are resident. The making of the Offers to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or limited by the laws or regulations of the relevant jurisdictions. Overseas Shareholders and/or Overseas Optionholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should fully observe any applicable legal or regulatory requirements and, where necessary, seek independent legal advice. It is the responsibilities of Overseas Shareholders and the Overseas Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due from such Overseas Shareholders and/or Overseas Optionholders in respect of such jurisdictions).

Please refer to the section headed “Availability of the Offers – Overseas Shareholders and Overseas Optionholders” of the “Letter from Lego Securities” contained in this Composite Document for further information.

### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Composite Document contains forward-looking statements which may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “will”, “would” or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The Offeror and the Company assume no obligation and do not intend to update these forward-looking statements or opinions contained in this Composite Document, except as required pursuant to applicable laws or regulations, including but not limited to the Listing Rules and/or the Takeovers Code.

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## DEFINITIONS

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*In this Composite Document, the following terms shall have the meanings set out below, unless the context otherwise requires:*

“2012 Share Option Scheme”	the share option scheme adopted by the Company pursuant to an ordinary resolution passed by the Shareholders on 18 May 2012
“acting in concert”	has the same meaning ascribed to it in the Takeovers Code
“associate”	has the same meaning ascribed to it in the Takeovers Code
“Board”	the board of Directors
“BOCOM (Asia)”	BOCOM International (Asia) Limited, a corporation licensed by the SFC to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser of the Company in connection with the Offers
“BOCOM Securities”	BOCOM International Securities Limited, a corporation licensed by the SFC to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 5 (advising on futures contracts) regulated activities under the SFO, a fellow subsidiary of BOCOM (Asia), controlled by BOCOM International Holdings Company Limited
“Business Day(s)”	any day on which the Stock Exchange is open for transaction of business and has the meaning ascribed thereto under the Takeovers Code
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Closing Date”	9 September 2022, being the closing date of the Offers, or if the Offers are extended, any subsequent closing date of the Offers as extended and announced by the Offeror and approved by the Executive in accordance with the Takeovers Code
“Company”	Loto Interactive Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on GEM (stock code: 8198)
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Share Purchase Agreement

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## DEFINITIONS

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“Composite Document”	this composite offer and response document jointly issued by the Offeror and the Company in accordance with the Takeovers Code containing, among other things, details of the Offers, the recommendation from the Independent Board Committee to the Offer Shareholders and the Offer Optionholders and the advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Offers
“Director(s)”	the director(s) of the Company
“Eligible Participant”	full time or part time employees of the Group (including any directors, whether executive or non-executive and whether independent or not, of the Company or any subsidiary) and any suppliers, consultants, agents and advisers eligible for Share Options under the 2012 Share Option Scheme
“Encumbrances”	any mortgage, lien, charge, pledge, option, right to acquire, assignment by way of security, security interest, title retention, preferential right or trust arrangement, claim, covenant, profit á prendre, easement or other security arrangement or any other arrangement having the same effect
“Excluded Options”	3,566,800 Share Options, 3,300,000 Share Options, 2,000,000 Share Options, 5,166,800 Share Options, 6,200,000 Share Options and 6,200,000 Share Options held as at the Latest Practicable Date by Ms. Zhang Jing, Mr. Yan Hao, Ms. Huang Lilan, Mr. Yang Xianfeng, Mr. Yu Bo and Mr. Yuan Qiang, respectively, in the aggregate number of 26,433,600 Share Options
“Excluded Shares”	48,195,605 Shares, 184,000 Shares, 137,200 Shares and 8,000 Shares held as at the Latest Practicable Date by the Vendor, Mr. Law Man San Vincent, Ms. Zhang Jing and Mr. Yu Bo, respectively, in the aggregate number of 48,524,805 Shares
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Form(s) of Acceptance”	collectively, the <b>PINK</b> Form(s) of Option Offer Acceptance and the <b>WHITE</b> Form(s) of Share Offer Acceptance
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries from time to time

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## DEFINITIONS

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“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees Limited”	a wholly-owned subsidiary of HKSCC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising Dr. Lu Haitian, the independent non-executive Director who has no direct or indirect interest in the Offers, established for the purpose of advising the Offer Shareholders in respect of the Share Offer and the Offer Optionholders in respect of the Option Offer and as to whether the terms of the Offers are fair and reasonable and as to acceptance of the Offers pursuant to Rule 2.1 and Rule 2.8 of the Takeovers Code
“Independent Financial Adviser” or “VMS Securities”	VMS Securities Limited, a corporation licensed by the SFC to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed, which appointment has been approved by the Independent Board Committee, for the purpose of advising the Independent Board Committee, the Offer Shareholders and the Offer Optionholders in respect of the Offers, as to whether the terms of the Offers are fair and reasonable, and as to the acceptance of the Offers
“Irrevocable Undertakings”	collectively, the Vendor Irrevocable Undertaking and the Other Irrevocable Undertakings
“Joint Announcement”	the announcement jointly published by the Company and the Offeror dated 20 July 2022 in relation to, among others, the Offers
“Last Trading Day”	21 June 2022, being the last trading day immediately before the date of the Rule 3.7 Announcement
“Latest Practicable Date”	16 August 2022, being the latest practicable date prior to the printing of this Composite Document for the purpose of ascertaining certain information contained herein
“Lego Corporate Finance”	Lego Corporate Finance Limited, a corporation licensed by the SFC to conduct Type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser to the Offeror in respect of the Offers
“Lego Securities”	Lego Securities Limited, a corporation licensed by the SFC to conduct Type 1 (dealing in securities) regulated activities under the SFO, being the agent making the Offers for and on behalf of the Offeror



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## DEFINITIONS

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“Loan Agreement”	the loan facility agreement dated 13 July 2022 entered into between Lego Securities as the lender and the Offeror as the borrower in relation to a loan facility of HK\$24,500,000 for financing the settlement of the consideration payable by the Offeror pursuant to the Offers
“Long Stop Date”	a date falling on the expiry of two months from the date of the Share Purchase Agreement, i.e. 12 September 2022, or such other date as the Vendor and the Offeror may agree in writing
“Offer Optionholder(s)”	holder(s) of Share Option(s), other than members of the Offeror Concert Party Group
“Offer Period”	has the meaning ascribed to it in the Takeovers Code, being the period commencing from the date of the Rule 3.7 Announcement and ending on the Closing Date
“Offer Share(s)”	any and all the Shares in issue (other than those already owned and/or agreed to be acquired by the Offeror Concert Party Group)
“Offer Shareholder(s)”	holder(s) of Share(s), other than members of the Offeror Concert Party Group
“Offeror”	Manful Kingdom Limited, a company incorporated in Hong Kong with limited liability and beneficially owned as to 35% by Mr. Fu Jiepin, as to 55% by Ms. Mak Lam (of which, 25% is held by Ms. Mak Lam on trust as a nominee for Mr. Li Hongbin), as to 5% by Ms. Liang Yun and as to 5% by Mr. Liu Weihong
“Offeror Concert Party Group”	the Offeror and the parties acting in concert with it (including Ms. Mak Lam)
“Offeror’s Covenants Relating to Share Options”	the Offeror’s covenant with the Vendor to procure the Company not to take any steps to cancel the Share Options that have been granted to five Directors (namely Mr. Yan Hao, Ms. Huang Lilan, Mr. Yang Xianfeng, Mr. Lin Sen and Mr. Huang Jian) and two consultants of the Company (namely Mr. Wang Bingzhong and Mr. Yuan Qiang) within a period of two years after the Completion pursuant to the Share Purchase Agreement
“Offers”	collectively, the Share Offer and the Option Offer
“Option Offer”	the unconditional mandatory cash offer being made by Lego Securities on behalf of the Offeror for the cancellation of the Share Options in accordance with the Takeovers Code

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## DEFINITIONS

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“Option Offer Price”	the price at which the Option Offer is made, which is (i) the “see-through” price, being the amount by which the Share Offer Price exceeds the relevant exercise price of the relevant Share Option, or (ii) a nominal amount of HK\$0.0001 in respect of Share Options the exercise price of which is higher than the Share Offer Price, for the cancellation of each Share Option held by the Offer Optionholders
“Optionholder(s)”	Holder(s) of the Share Options
“Other Irrevocable Undertaking(s)”	the deed(s) of irrevocable undertaking dated 20 July 2022 pursuant to which each of (i) Ms. Zhang Jing, Mr. Yan Hao, Ms. Huang Lilan and Mr. Yang Xianfeng, each being a Director; and (ii) Mr. Law Man San Vincent, Mr. Yu Bo and Mr. Yuan Qiang, each being a party acting in concert with the Vendor, has irrevocably undertaken not to accept the Share Offer and/or the Option Offer (as applicable) and he/she will not sell, transfer, encumber, grant any rights over or otherwise dispose of any Shares and/or Share Options held by each of them and/or otherwise make such Shares and/or Share Options available for acceptance of the Offers, directly or indirectly and/or exercise any Share Options held by each of them prior to completion, termination or withdrawal of the Offers
“Overseas Optionholder(s)”	Offer Optionholder(s) whose address(es), as shown on the register of Optionholders of the Company, is/are outside Hong Kong
“Overseas Shareholder(s)”	Offer Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong
“ <b>PINK</b> Form(s) of Option Offer Acceptance”	<b>PINK</b> form(s) of acceptance and cancellation of the Share Options in respect of the Option Offer accompanying this Composite Document
“PRC”	the People’s Republic of China which, for the purpose of this Composite Document, shall exclude Hong Kong, Macau and Taiwan
“Registrar”	Computershare Hong Kong Investor Services Limited, the branch share registrar of the Company in Hong Kong, situated at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, being the agent to receive the <b>WHITE</b> Form of Share Offer Acceptance under the Share Offer
“Relevant Period”	the period from 24 December 2021, being the date falling six months preceding the commencement of the Offer Period, up to and including the Latest Practicable Date

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## DEFINITIONS

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“Rule 3.7 Announcement”	the announcement of the Company dated 24 June 2022 regarding a possible offer
“Sale Share(s)”	279,673,200 Shares beneficially owned by the Vendor as at the date of the Share Purchase Agreement and representing approximately 51.00% of the total issued share capital of the Company as at the date of the Share Purchase Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of a par value of HK\$0.1 each in the share capital of the Company
“Share Offer”	the mandatory unconditional cash offer made by Lego Securities on behalf of the Offeror to acquire all the Offer Shares in accordance with the Takeovers Code
“Share Offer Price”	the price at which the Share Offer is made, being HK\$0.28 per Offer Share
“Share Option(s)”	the outstanding share options granted by the Company pursuant to the 2012 Share Option Scheme
“Share Purchase Agreement”	the sale share and purchase agreement dated 12 July 2022 entered into between the Vendor and the Offeror in respect of the sale and purchase of the Sale Shares (as subsequently amended on 14 July 2022)
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong
“Vendor”	BIT Mining Limited (formerly known as 500.com Limited), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the New York Stock Exchange under the ticker symbol “BTCM”

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## DEFINITIONS

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“Vendor Irrevocable Undertaking”	the deed of irrevocable undertaking dated 20 July 2022 pursuant to which the Vendor has irrevocably undertaken not to accept the Share Offer in respect of the aggregate of 48,195,605 Shares, representing approximately 8.79% of the total issued share capital of the Company as at the Latest Practicable Date and the Vendor will not sell, transfer, encumber, grant any rights over or otherwise dispose of the aforesaid Shares held by it and/or otherwise make the aforesaid Shares held by it available for acceptance of the Offers, directly or indirectly, prior to completion, termination or withdrawal of the Offers
“ <b>WHITE</b> Form(s) of Share Offer Acceptance”	<b>WHITE</b> form(s) of acceptance of the Share in respect of the Share Offer accompanying this Composite Document
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

*Certain amounts and percentage figures included in this Composite Document are subject to rounding adjustments. Accordingly, figures shown as totals in certain paragraphs and tables in this Composite Document may not be an arithmetic aggregation of the figures preceding them.*

*\*\* The English translation of Chinese names or words in this joint announcement, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

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# LETTER FROM LEGO SECURITIES

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**Lego Securities Limited**  
Room 301, 3/F,  
China Building  
29 Queen's Road Central  
Central, Hong Kong

19 August 2022

*To the Offer Shareholders and the Offer Optionholders*

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFERS BY  
LEGO SECURITIES LIMITED  
FOR AND ON BEHALF OF MANFUL KINGDOM LIMITED TO ACQUIRE  
ALL THE ISSUED SHARES OF AND TO CANCEL ALL OUTSTANDING  
SHARE OPTIONS OF LOTO INTERACTIVE LIMITED (OTHER THAN THOSE  
ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY  
MANFUL KINGDOM LIMITED  
AND/OR PARTIES ACTING IN CONCERT WITH IT)**

## **INTRODUCTION**

References are made to the Joint Announcement and the completion announcement dated 25 July 2022 jointly issued by the Offeror and the Company in relation to, among others, the Share Purchase Agreement and the Offers. Unless otherwise specified, capitalised terms use in this letter shall have the same meanings as defined in this Composite Document.

As disclosed in the Joint Announcement, on 12 July 2022 (after trading hours), the Vendor and the Offeror entered into the Share Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Offeror has conditionally agreed to purchase the Sale Shares, being 279,673,200 Shares, representing approximately 51.00% of the entire issued share capital of the Company as at the Latest Practicable Date, for a total consideration of HK\$78,308,496, equivalent to HK\$0.28 per Sale Share. Completion took place on 25 July 2022.

Upon Completion, the Offeror Concert Party Group was in aggregate interested in a total of 294,833,200 Shares, representing approximately 53.76% of the total issued share capital of the Company. Pursuant to Rule 26.1 and Rule 13.5 of the Takeovers Code, the Offeror is required to make mandatory unconditional cash offers to (i) acquire all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror Concert Party Group); and (ii) cancel all the outstanding Share Options.

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# LETTER FROM LEGO SECURITIES

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This letter forms part of this Composite Document which sets out, among others, principal terms of the Offers, information on the Offeror and the intention of the Offeror on the Group. Details of the terms of the Offers are set out in Appendix I to this Composite Document, and the accompanying Forms of Acceptance.

## MANDATORY UNCONDITIONAL CASH OFFERS

### Principal terms of the Offers

Lego Securities is, on behalf of the Offeror and in compliance with the Takeovers Code, making the Offers on the following basis:

#### *The Share Offer*

For each Offer Share HK\$0.28 in cash

The Share Offer Price of HK\$0.28 per Offer Share is equal to the per Sale Share consideration under the Share Purchase Agreement. The Offer Shares to be acquired under the Share Offer shall be fully paid and free and clear of any lien and together with all rights attaching to them, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Share Offer is made, being the date of this Composite Document.

As at the Latest Practicable Date, no outstanding dividend declared by the Company remained unpaid, and it was advised by the Board that the Company has no intention to make, declare or pay any future dividend or make other distributions until after the close of the Share Offer.

#### *The Option Offer*

For cancellation of each Share Option with exercise price being

- |       |  |                    |
|-------|--|--------------------|
| (i)   | HK\$0.26 (18,160,000 Share Options in total) ( <i>Note 1</i> ) | HK\$0.02 in cash   |
| (ii)  | HK\$1.10 (13,413,600 Share Options in total) ( <i>Note 2</i> ) | HK\$0.0001 in cash |
| (iii) | HK\$2.00 (400,000 Share Options in total) ( <i>Note 3</i> )    | HK\$0.0001 in cash |

*Note 1:* These Share Options were granted on 10 August 2020, subject to three years vesting period and ten years' validity period till 9 August 2030. As at the Latest Practicable Date, these share options had been fully vested.

*Note 2:* These Share Options were granted on 1 April 2019, subject to three years vesting period and ten years' validity period till 31 March 2029. As at the Latest Practicable Date, these share options had been fully vested.

*Note 3:* These Share Options were granted on 5 January 2018, subject to three years vesting period and ten years' validity period till 4 January 2028. As at the Latest Practicable Date, these share options had been fully vested.

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## LETTER FROM LEGO SECURITIES

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The Option Offer Price is the see-through price which represents the amount by which the Share Offer Price exceeds the exercise price of the relevant Share Options. In respect of the Share Option with an exercise price higher than the Share Offer Price, the Option Offer Price is at a nominal amount of HK\$0.0001.

The Share Offer is extended to all Offer Shareholders and the Option Offer is extended to all Offer Optionholders (whether their respective Share Options are vested or not) in accordance with the Takeovers Code. Following acceptance of the Option Offer, the Share Options, together with all rights attaching thereto, will be entirely cancelled and renounced.

The Offers are unconditional in all aspects, and will not be conditional upon any minimum level of acceptances being received or any other conditions.

### Comparison of value

The Share Offer Price of HK\$0.28 per Offer Share represents:

- (i) a discount of approximately 53.33% to the closing price of HK\$0.60 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 52.54% to the closing price of HK\$0.59 per Share as quoted on the Stock Exchange on 12 July 2022, being the last trading day immediately before the date of the Joint Announcement;
- (iii) a discount of approximately 39.13% to the closing price of HK\$0.46 per Share as quoted on the Stock Exchange on 21 June 2022, being the Last Trading Day;
- (iv) a discount of approximately 17.65% to the average closing price of HK\$0.34 per Share based on the daily closing prices as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a discount of approximately 6.67% to the average closing price of approximately HK\$0.30 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (vi) a discount of approximately 3.45% to the average closing price of approximately HK\$0.29 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (vii) a premium of 12.00% over the audited consolidated net asset value attributable to the Shareholders of approximately HK\$0.25 per Share as at 31 December 2021, calculated by dividing the Group's audited consolidated net assets attributable to the Shareholders of approximately HK\$137,233,000 as at 31 December 2021 by 548,378,822 Shares in issue as at the Latest Practicable Date; and

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## LETTER FROM LEGO SECURITIES

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- (viii) a premium of 40.00% over the unaudited consolidated net asset value attributable to the Shareholders of approximately HK\$0.20 per Share as at 30 June 2022, calculated by dividing the Group's unaudited consolidated net assets attributable to the Shareholders of approximately HK\$110,138,000 as at 30 June 2022 by 548,378,822 Shares in issue as at the Latest Practicable Date.

### Highest and lowest Share prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$0.62 per Share on 12 August 2022 and HK\$0.242 per Share on 9 June 2022, respectively.

### IRREVOCABLE UNDERTAKINGS

As at the Latest Practicable Date, the Vendor was interested in 48,195,605 Shares, representing approximately 8.79% of the total issued share capital of the Company. Pursuant to the Vendor Irrevocable Undertaking, the Vendor has irrevocably undertaken not to accept the Share Offer in respect of the aforesaid 48,195,605 Shares and the Vendor will not sell, transfer, encumber, grant any rights over or otherwise dispose of the Shares held by it (other than the sale and transfer of the Sale Shares by the Vendor to the Offeror under the Share Purchase Agreement) and/or otherwise make the Shares held by it available for acceptance of the Offers, directly or indirectly, prior to completion, termination or withdrawal of the Offers.

As at the date of Latest Practicable Date:

- (i) Ms. Zhang Jing, a Director, held 137,200 Shares, 3,100,000 Share Options with an exercise price of HK\$0.26 each and 466,800 Share Options with an exercise price of HK\$1.10 each;
- (ii) Mr. Yan Hao, a Director, held 3,100,000 Share Options with an exercise price of HK\$0.26 each and 200,000 Share Options with an exercise price of HK\$1.10 each;
- (iii) Ms. Huang Lilan, a Director, held 1,000,000 Share Options with an exercise price of HK\$0.26 each and 1,000,000 Share Options with an exercise price of HK\$1.10 each;
- (iv) Mr. Yang Xianfeng, a Director, held 3,100,000 Share Options with an exercise price of HK\$0.26 each and 2,066,800 Share Options with an exercise price of HK\$1.10 each;
- (v) Mr. Law Man San Vincent, a party acting in concert with the Vendor, held 184,000 Shares;
- (vi) Mr. Yu Bo, a party acting in concert with the Vendor, held 8,000 Shares and 3,100,000 Share Options with an exercise price of HK\$0.26 each and 3,100,000 Share Options with an exercise price of HK\$1.10 each; and
- (vii) Mr. Yuan Qiang, a party acting in concert with the Vendor, held 3,100,000 Share Options with an exercise price of HK\$0.26 each and 3,100,000 Share Options with an exercise price of HK\$1.10 each.



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## LETTER FROM LEGO SECURITIES

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*Notes:*

1. For further details of the Shares Options (including but not limited to the exercise period) held by Ms. Zhang Jing, Mr. Yan Hao, Ms. Huang Lilan and Mr. Yang Xianfeng, please refer to the section headed “4. Disclosure of interest” in Appendix IV to this Composite Document.
2. As at the Latest Practicable Date, details of the Share Options held by Mr. Yu Bo and Mr. Yuan Qiang were as follow:

<b>Optionholder</b>	<b>Number of Share Options</b>	<b>Date of grant</b>	<b>Exercise price</b>	<b>Exercise period in tranches</b>
Mr. Yu Bo	3,100,000	1 April 2019	HK\$1.10	From 1 April 2019 to 31 March 2029 From 1 April 2020 to 31 March 2029 From 1 April 2021 to 31 March 2029
	3,100,000	10 August 2020	HK\$0.26	From 10 August 2020 to 9 August 2030 From 10 August 2021 to 9 August 2030 From 10 August 2022 to 9 August 2030
Mr. Yuan Qiang	3,100,000	1 April 2019	HK\$1.10	From 1 April 2019 to 31 March 2029 From 1 April 2020 to 31 March 2029 From 1 April 2021 to 31 March 2029
	3,100,000	10 August 2020	HK\$0.26	From 10 August 2020 to 9 August 2030 From 10 August 2021 to 9 August 2030 From 10 August 2022 to 9 August 2030

On 20 July 2022, each of Ms. Zhang Jing, Mr. Yan Hao, Ms. Huang Lilan, Mr. Yang Xianfeng, Mr. Law Man San Vincent, Mr. Yu Bo and Mr. Yuan Qiang executed the Other Irrevocable Undertakings pursuant to which each of them has irrevocably undertaken not to accept the Share Offer and/or the Option Offer (as applicable) and he/she will not sell, transfer, encumber, grant any rights over or otherwise dispose of any aforesaid Shares and/or Share Options held by each of them and/or otherwise make such Shares and/or Share Options available for acceptance of the Offers, directly or indirectly and/or exercise any Share Options held by each of them prior to completion, termination or withdrawal of the Offers.

Accordingly, a total of 48,524,805 Shares (being the Excluded Shares) and 26,433,600 Share Options (being the Excluded Options) are subject to the Irrevocable Undertakings. The Irrevocable Undertakings shall terminate immediately if the Offers are not made in accordance with the requirements under the Takeovers Code or the Offers close, lapse or are withdrawn.

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## LETTER FROM LEGO SECURITIES

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### **Value of the Offers**

As at the Latest Practicable Date, the Company had a total of 548,378,822 Shares in issue and 31,973,600 outstanding Share Options.

Assuming no Share Options have been exercised prior to the close of the Offers, there will be 548,378,822 issued Shares. Excluding the 294,833,200 Shares held by the Offeror Concert Party Group as at the Latest Practicable Date; and assuming no change in the issued share capital of the Company from the Latest Practicable Date up to the close of the Offers, (a) 253,545,622 Shares will be subject to the Share Offer and the value of the Share Offer will be HK\$70,992,774.16; and (b) the total consideration required to satisfy the cancellation of all the outstanding Share Options will be approximately HK\$364,581.36.

Assuming all Share Options have been exercised prior to the close of the Offers, there will be 580,352,422 issued Shares. Excluding the 294,833,200 Shares held by the Offeror Concert Party Group as at the Latest Practicable Date; and assuming no change in the issued share capital of the Company from the Latest Practicable Date up to the close of the Offers, (a) 285,519,222 Shares will be subject to the Share Offer and the value of the Share Offer will be HK\$79,945,382.16; and (b) the total consideration required to satisfy the cancellation of all the outstanding Share Options will be nil.

On the basis of full acceptance of the Offers (excluding the Excluded Shares and the Excluded Options), the maximum cash consideration payable by the Offeror under the Offers (assuming no Share Options have been exercised prior to the close of the Offers) would be HK\$57,439,416.76 and the maximum cash consideration payable by the Offeror under the Offers (assuming all Share Options have been exercised prior to the close of the Offers) would be HK\$58,957,028.76.

### **Confirmation of financial resources**

The Offeror intends to finance and satisfy the consideration payable under the Offers from (i) its internal resources; and (ii) a loan facility pursuant to the Loan Agreement. The Offeror does not intend that the payment of interest on, repayment of or security for any liability (contingent or otherwise) relating to the aforesaid loan facility will depend to any significant extent on the business of the Company.

Lego Corporate Finance, being the financial adviser to the Offeror in respect of the Offers, is satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy the consideration payable by the Offeror upon full acceptance of the Offers.

### **Effect of accepting the Offers**

By accepting the Share Offer, the Offer Shareholders will sell their tendered Shares to the Offeror which shall be fully paid and free and clear of any lien and together with all rights attaching to them, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Share Offer is made, being the date of despatch of the Composite Document. As at the Latest Practicable Date, no outstanding dividend declared by the Company remains unpaid, and it is advised by the Board that the Company has no intention to make, declare or pay any future dividend or make other distributions until after the close of the Share Offer.

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## LETTER FROM LEGO SECURITIES

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By accepting the Option Offer, the Offer Optionholders will agree to the cancellation of their tendered Options and all rights attached thereto with effect from the date on which the Option Offer is made, being the date of despatch of this Composite Document.

Acceptances of the Offers will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

### **Validity of Share Options upon close of the Offers**

Pursuant to the 2012 Share Option Scheme, if the Share Offer becomes or is declared unconditional, the Optionholders of the 2012 Share Option Scheme shall be entitled to exercise their Share Options (to the extent not already exercised) at any time thereafter and up to the close of such offer and after which the Share Options shall lapse automatically. Optionholders should note that as at the Latest Practicable Date, the Board had exercised its absolute discretion in accordance with paragraph 13.1 of the 2012 Share Option Scheme to the effect that, upon the close of such offer, no Share Option will be cancelled or lapsed solely as a result of the making of the Offers.

Pursuant to the 2012 Share Option Scheme, if a grantee of the Share Options, who is an employee, ceases to be an Eligible Participant due to the termination of his or her employment, the Share Options granted to him or her (to the extent not already exercised) shall lapse, in whole or in part, immediately or as the case may be, upon the expiry of a period of three months following the date of such cessation. Although the Board had, as at the Latest Practicable Date, exercised its absolute discretion to the effect that, upon the close of such Offers, no Share Option will be cancelled or lapsed solely as a result of the making of the Offers, the new management team of the Company after the close of the Offers may still have the authority to terminate the employment of the Optionholders such that their Share Options will lapse in three months. To maintain the Share Options granted to certain senior management of the Company for their contribution to the Company during their past service to the Company, pursuant to the Share Purchase Agreement, the Offeror has covenanted (i.e. the Offeror's Covenants Relating to the Share Options) that within a period of two years after the Completion to procure the Company not to take any steps to cancel the Share Options that have been granted to five Directors (namely Mr. Yan Hao, Ms. Huang Lilan, Mr. Yang Xianfeng, Mr. Lin Sen and Mr. Huang Jian) and two consultants of the Company (namely Mr. Wang Bingzhong and Mr. Yuan Qiang). The Share Options granted to them which are not exercised within two years after the date of the Completion shall automatically lapse and cease to be exercisable. None of the aforementioned five Directors and two consultants is a Shareholder.

### **Hong Kong stamp duty**

The seller's Hong Kong ad valorem stamp duty will be payable by the Offer Shareholders on acceptances of the Share Offer calculated at a rate of 0.13% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror, in respect of the relevant acceptances of the Share Offer, whichever is higher, and the amount of such duty will be deducted from the amount payable by the Offeror to such person on acceptance of the Share Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Offer Shareholders who accept the Share Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfers of the relevant Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

No stamp duty is payable in connection with the acceptances of the Option Offer.

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## LETTER FROM LEGO SECURITIES

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### **Payment**

Payment in cash in respect of the Offers will be made as soon as possible but in any event within seven (7) Business Days of the date on which the duly completed Form(s) of Acceptance and the relevant documents of title of the Shares or the Share Options (as the case may be) are received by the Registrar in respect of the Share Offer or the Company in respect of the Option Offer to render each such acceptance under the Offers complete and valid pursuant to Rule 20.1 and Note 1 to Rule 30.2 of the Takeovers Code.

No fractions of a cent will be payable and the amount of cash consideration payable to any person who accept the Offers will be rounded up to the nearest cent.

### **Taxation advice**

Offer Shareholders and Offer Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. None of the members of the Offeror Concert Party Group, the Company, Lego Securities, Lego Corporate Finance, BOCOM (Asia), VMS Securities, Registrar and (as the case may be) their respective ultimate beneficial owners, directors, officers, agents, advisers or associates or any other person involved in the Offers accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

### **Availability of the Offers – Overseas Shareholders and Overseas Optionholders**

The Offeror intends to make the Offers available to all Offer Shareholders and Offer Optionholders, including the Overseas Shareholders and Overseas Optionholders. However, the Offers to persons not resident in Hong Kong may be affected by the laws and regulations of the relevant jurisdiction in which they are resident. The making of the Offers to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or limited by the laws or regulations of the relevant jurisdictions. Overseas Shareholders and/or Overseas Optionholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should fully observe any applicable legal or regulatory requirements and, where necessary, seek independent legal advice. It is the responsibilities of Overseas Shareholders and the Overseas Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due from such Overseas Shareholders and/or Overseas Optionholders in respect of such jurisdictions).

**Any acceptance of the Offers by any Overseas Shareholder and/or Overseas Optionholder will be deemed to constitute a representation and warranty from such Overseas Shareholder and/or Overseas Optionholder to the Offeror that the local laws and requirements have been complied with. Overseas Shareholders and Overseas Optionholders should consult their professional advisers if in doubt.**

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# LETTER FROM LEGO SECURITIES

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## INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in Hong Kong with limited liability, and is directly owned as to 35% by Mr. Fu Jiepin, as to 55% by Ms. Mak Lam (of which, 25% is held by Ms. Mak Lam on trust as a nominee for Mr. Li Hongbin), as to 5% by Ms. Liang Yun and as to 5% by Mr. Liu Weihong. Ms. Mak Lam is the sole director of the Offeror.

Ms. Mak Lam, aged 55, graduated from Sun Yat-Sen University (中山大學) with a bachelor's degree in automatic control in 1989. Ms. Mak Lam has over five years of experience in engineering and over 15 years of experience as a secretary to the board of directors. From 1990 to 1995, Ms. Mak worked as the engineer of quality control at Star Fair Electronics Co., Ltd., a company principally engaged in manufacturing of electronic appliances. From 2004 up to and including the Latest Practicable Date, Ms. Mak has been working as the secretary to the board of directors at Huayu Expressway Group Limited, which is a company listed on the Main Board of the Stock Exchange (stock code: 1823) and principally engaged in the construction, operation and management of expressways in the PRC and the business of liquor and spirits trading.

Mr. Fu Jiepin, aged 55, is an executive director of Huayu Expressway Group Limited which, as disclosed above, is a company listed on the Main Board of the Stock Exchange (stock code: 1823). Mr. Fu graduated from Sun Yat-Sen University (中山大學) with a bachelor's degree in electronics and information system in 1989. Mr. Fu has over 23 years of experience in development, operation and management of expressways in the PRC.

Mr. Li Hongbin, aged 55, graduated from Sun Yat-Sen University (中山大學) with a bachelor's degree in library science in 1989. From 1998 to 2017, Mr. Li worked as a general manager in various industries including companies principally engaged in the business of building materials trading and water sports events organising and management. From 2017 up to and including the Latest Practicable Date, Mr. Li has been a partner of 深圳賢林文化產業投資有限公司 (Shenzhen Xianlin Cultural Industry Investment Company Limited\*\*) which is a company principally engaged in investment activities in cultural industries.

## REASONS FOR THE ACQUISITION AND INTENTION OF THE OFFEROR ON THE GROUP

The Offeror is optimistic about the big data industry. As the Company has been engaged in the businesses of provision of data analysis and storage services and data processors leasing service for years, the Offeror is of the view that the Company has built up an extensive network and reputation in the big data industry, which upon becoming the controlling Shareholder through the acquisition of the Sale Shares, the Offeror will be able to grow the Company's business under its direction.

It is the intention of the Offeror that the Company will continue to focus on the development of its existing businesses. In particular, the Offeror intends to expand the existing businesses of the Group through, among others, the development of big data centre(s) in the overseas markets including, but not limited to, the North America and Southeast Asia regions. Save for the above, the Offeror does not intend to introduce any major changes to the existing operations and businesses of the Group upon the close of the Offers.

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## LETTER FROM LEGO SECURITIES

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Following the close of the Offers, the Offeror will conduct a review on the operations and financial position of the Group for the purpose of formulating business plans and strategies for the Group's long-term business development and will explore other business opportunities for the Group. Subject to the results of the review, and should suitable investment or business opportunities arise, the Offeror may consider whether any assets and/or business acquisitions or disposals by the Group will be appropriate in order to enhance its growth.

The Offeror has no intention to terminate or make significant changes to the employment of any employees of the Group (except for the proposed changes to the members of the Board and the chief executive officer of the Company at a time no earlier than that permitted under the GEM Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate, as further disclosed in the paragraphs headed "Proposed change to the Board composition of the Company" below in this letter).

As disclosed the announcements of the Company dated 20, 21, 25 June 2021, 18 October 2021 and 8 March 2022 and the annual report of the Company for the year ended 31 December 2021, the operation of the Group's three big data centres in Sichuan Province, the PRC (the "**Big Data Centres**") had been suspended as a result of a change in the PRC regulatory environment regarding crypto currency mining activities in the PRC since June 2021. The Big Data Centres had been closed in order to comply with the relevant PRC laws and regulations. The Company had made provision of impairment of fixed assets caused by the Group's plan to demolish the said machinery and equipment. Save for the potential disposal of the residual obsolete assets of the Big Data Centres, the Offeror has no intention to dispose the Group's fixed assets which are not in the ordinary and usual course of business of the Group as a result of completion of the Offers. However, the Offeror reserves the right to make any changes that it deems necessary or appropriate to the Group's business and operations to optimise the value of the Group. In view of the aforesaid, the Offeror is of the view that the Offers are in long term commercial interest.

As at the Latest Practicable Date, no investment or business opportunity had been identified nor had the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to the injection of any assets or business into the Group.

### **PROPOSED CHANGE TO THE BOARD COMPOSITION OF THE COMPANY**

As at the Latest Practicable Date, the Board comprised two executive Directors, namely Mr. Yan Hao and Ms. Huang Lilan, two non-executive Directors, namely, Ms. Zhang Jing and Mr. Yang Xianfeng and three independent non-executive Directors, namely, Dr. Lu Haitian, Mr. Lin Sen and Mr. Huang Jian.

No Directors will resign before the close of the Offers. As at the Latest Practicable Date, all existing Directors had tendered their resignations and such resignations will take effect from the earliest time permitted under the applicable laws, rules and regulations, the GEM Listing Rules and the Takeovers Code, whichever is the latest, being after the close of the Offers.

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## LETTER FROM LEGO SECURITIES

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In place of the resigning Directors, the Offeror intends to nominate Mr. Li Hongbin to be an Executive Director and the new chairman of the Board and Mr. Huang Yibin to be an Executive Director and the new chief executive officer of the Company with effect from after the despatch of this Composite Document, and will nominate other candidates to be the new Directors with effect from a date not earlier than the date of this Composite Document or such other date as permitted under the applicable laws, rules and regulations, the GEM Listing Rules and the Takeovers Code. Any changes to the members of the Board including the aforesaid appointments and resignations will be made subject to necessary procedures and approvals of the Board as and when appropriate in accordance with the Takeovers Code and the GEM Listing Rules. Further announcement(s) will be made upon any changes to the composition to the Board in compliance with the Takeovers Code and the GEM Listing Rules as and when appropriate.

The biographies of the new Directors are set out below:

### **Executive Directors**

Mr. Li Hongbin, aged 55, graduated from Sun Yat-Sen University (中山大學) with a bachelor's degree in library science in 1989. From 1998 to 2017, Mr. Li worked as a general manager in various industries including companies principally engaged in the business of building materials trading and water sports events organising and management. From 2017 up to and including the Latest Practicable Date, Mr. Li has been a partner of 深圳賢林文化產業投資有限公司 (Shenzhen Xianlin Cultural Industry Investment Company Limited\*\*) which is a company principally engaged in investment activities in cultural industries. While Mr. Li Hongbin does not have direct relevant experience in the industry in which the Group is principally engaged, the Offeror considered that his experience as a managerial role in various industries would enable him to provide advice in the areas of overall strategic development and major business decision making to the Company.

Mr. Huang Yibin, aged 54, graduated from South China University of Technology (華南理工大學) with a bachelor's degree in radio engineering in 1990. Mr. Huang has over 32 years of experience in digital infrastructure planning, business development and operation at both domestic and international levels. From 2018 up to and including the Latest Practicable Date, Mr. Huang has been working as a general manager of P&W Limited, a company principally engaged in the provision of consultancy services on digital infrastructure business including market research, business strategy and infrastructure design, construction and operation. Given the extensive experience of Mr. Huang Yibin in digital infrastructure business, the Offeror considered that Mr. Huang Yibin has relevant experience in the Group's business.

### **PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY**

The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealing in the Shares.

The Offeror intends to maintain the listing of the Shares on the GEM after the close of the Offers.

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## LETTER FROM LEGO SECURITIES

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The Offeror and the new Directors to be appointed to the Board (namely Mr. Li Hongbin and Mr. Huang Yibin) have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares following the close of Offers. No arrangements had been confirmed or put in place as at the Latest Practicable Date. Further announcement(s) will be made in accordance with the requirements of the GEM Listing Rules and the Takeovers Code as and when appropriate.

### **PROCEDURES FOR ACCEPTANCE AND SETTLEMENT**

Your attention is drawn to the further details regarding the procedures for acceptance and settlement of the Offers set out in the Appendix I to this Composite Document and the accompanying Forms of Acceptance.

### **COMPULSORY ACQUISITION**

The Offeror does not intend to exercise or apply any right which may be available to them to acquire compulsorily any Shares outstanding after the close of the Offers.

### **GENERAL**

All documents and remittances to be sent to the Offer Shareholders and the Offer Optionholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to them at their respective addresses as they appear in the register of members of the Company and in the case of joint Offer Shareholders, to such Offer Shareholder whose name appears first in the register of members of the Company, or in the case of joint Offer Optionholders, to such Offer Optionholder whose name appears first in the records of the Company. None of the members of the Offeror Concert Party Group, the Company, Lego Securities, Lego Corporate Finance, BOCOM (Asia), VMS Securities, Registrar and (as the case may be) their respective ultimate beneficial owners, directors, officers, agents, advisers or associates or any other person involved in the Offers will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof or in connection therewith.



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## LETTER FROM LEGO SECURITIES

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### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document and the accompanying Forms of Acceptance, which form parts of this Composite Document. You are reminded to read carefully the “Letter from the Board”, the “Letter from the Independent Board Committee; the “Letter from the Independent Financial Adviser” and other information about the Group, which are set out in this Composite Document, before deciding whether or not to accept the Offers.

If you are in doubt about your position in connection with the Offers, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

Yours faithfully,  
For and on behalf of  
**Lego Securities Limited**  
**Kelvin Li**  
*Director*

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## LETTER FROM THE BOARD

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### Loto Interactive Limited

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

*Directors:*

Ms. Zhang Jing\* (*Chairman*)  
Mr. Yan Hao# (*Chief Executive Officer*)  
Ms. Huang Lilan#  
Mr. Yang Xianfeng\*  
Dr. Lu Haitian+  
Mr. Lin Sen+  
Mr. Huang Jian+

# *Executive Director*

\* *Non-executive Director*

+ *Independent Non-executive Director*

*Registered office:*

P.O. Box 31119  
Grand Pavilion, Hibiscus Way  
802 West Bay Road  
Grand Cayman, KY1-1205  
Cayman Islands

*Head office and principal place of business  
in Hong Kong:*

Units 813 & 815, Level 8  
Core F, Cyberport 3  
100 Cyberport Road  
Hong Kong

19 August 2022

*To the Offer Shareholders and the Offer Optionholders*

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFERS BY  
LEGO SECURITIES LIMITED  
FOR AND ON BEHALF OF MANFUL KINGDOM LIMITED TO ACQUIRE  
ALL THE ISSUED SHARES OF AND TO CANCEL ALL OUTSTANDING  
SHARE OPTIONS OF LOTO INTERACTIVE LIMITED (OTHER THAN THOSE  
ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY  
MANFUL KINGDOM LIMITED  
AND/OR PARTIES ACTING IN CONCERT WITH IT)**

**INTRODUCTION**

References are made to the Joint Announcement and the completion announcement dated 25 July 2022 jointly issued by the Offeror and the Company in relation to, among others, the Share Purchase Agreement and the Offers. Unless otherwise specified, capitalised terms used in this letter shall have the same meanings as defined in this Composite Document.

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## LETTER FROM THE BOARD

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As disclosed in the Joint Announcement, on 12 July 2022 (after trading hours), the Vendor and the Offeror entered into the Share Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Offeror has conditionally agreed to purchase the Sale Shares, being 279,673,200 Shares, representing approximately 51.00% of the entire issued share capital of the Company as at the Latest Practicable Date, for a total consideration of HK\$78,308,496, equivalent to HK\$0.28 per Sale Share. Completion took place on 25 July 2022.

Upon Completion, the Offeror Concert Party Group became interested in a total of 294,833,200 Shares, representing approximately 53.76% of the total issued share capital of the Company as at the Latest Practicable Date. Pursuant to Rule 26.1 and Rule 13.5 of the Takeovers Code, the Offeror is required to make mandatory unconditional cash offers to (i) acquire all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror Concert Party Group); and (ii) cancel all the outstanding Share Options.

The purpose of this Composite Document is to provide you with, among others, (i) the terms of the Offers; (ii) the recommendation from the Independent Board Committee to the Offer Shareholders and the Offer Optionholders; and (iii) the advice from the Independent Financial Adviser in respect of the Offers, together with the Form(s) of Acceptance.

### **INDEPENDENT BOARD COMMITTEE**

Pursuant to Rule 2.1 and Rule 2.8 of the Takeovers Code, the Independent Board Committee, comprising Dr. Lu Haitian, the independent non-executive Director who has no direct or indirect interest in the Offers, has been established to make recommendations to the Offer Shareholders and Offer Optionholders as to whether the terms of the Share Offer and the Option Offer are fair and reasonable and as to the acceptance of the Share Offer and the Option Offer.

Although Ms. Zhang Jing and Mr. Yang Xianfeng are non-executive Directors, each of them, being a party acting in concert with the Vendor, is considered to have interest in the Offers and therefore has not been appointed as members of the Independent Board Committee. In addition, as Mr. Lin Sen and Mr. Huang Jian (each an independent non-executive Director) are interested in the Offeror's Covenants Relating to Share Options, they have not been appointed as members of the Independent Board Committee.

### **INDEPENDENT FINANCIAL ADVISER**

VMS Securities has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offers and as to whether the terms of the Offers are fair and reasonable and as to acceptance of the Offers pursuant to Rule 2.1 of the Takeovers Code.

You are advised to read the "Letter from the Independent Board Committee" addressed to the Offer Shareholders and the Offer Optionholders, the "Letter from the Independent Financial Adviser" and the additional information contained in the appendices to this Composite Document before taking any actions in respect of the Offers.

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## LETTER FROM THE BOARD

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### MANDATORY UNCONDITIONAL CASH OFFERS

Immediately prior to Completion, Ms. Mak Lam, being a member of the Offeror Concert Party Group, was interested in 15,160,000 Shares, which represent approximately 2.76% of the total issued share capital of the Company. Upon Completion, the Offeror Concert Party Group was in aggregate interested in a total of 294,833,200 Shares, representing approximately 53.76% of the total issued share capital of the Company. Pursuant to Rule 26.1 and Rule 13.5 of the Takeovers Code, the Offeror is required to make mandatory unconditional cash offers (i) to acquire all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror Concert Party Group); and (ii) to cancel all the outstanding Share Options.

As at the Latest Practicable Date, the Company had (i) a total of 548,378,822 Shares in issue; and (ii) 31,973,600 outstanding Share Options conferring rights to subscribe for 31,973,600 new Shares with exercise prices ranging from HK\$0.26 to HK\$2.00 per Share Option. Save for the Share Options mentioned above, the Company does not have any outstanding options, derivatives, warrants or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

### Principal terms of the Offers

Lego Securities is, on behalf of the Offeror and in compliance with the Takeovers Code, making the Offers on the following basis:

#### *The Share Offer*

For each Offer Share . . . . . HK\$0.28 in cash

The Share Offer Price of HK\$0.28 per Offer Share is equal to the per Sale Share consideration under the Share Purchase Agreement. The Offer Shares to be acquired under the Share Offer shall be fully paid and free and clear of any lien and together with all rights attaching to them, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Share Offer is made, being the date of this Composite Document.

As at the Latest Practicable Date, no outstanding dividend declared by the Company remained unpaid, and it was advised by the Board that the Company has no intention to make, declare or pay any future dividend or make other distributions until after the close of the Share Offer.

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## LETTER FROM THE BOARD

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### *The Option Offer*

For cancellation of each Share Option with exercise price being

- (i) HK\$0.26 (18,160,000 Share Options in total) <sup>(Note 1)</sup> . . . . . HK\$0.02 in cash
- (ii) HK\$1.10 (13,413,600 Share Options in total) <sup>(Note 2)</sup> . . . . . HK\$0.0001 in cash
- (iii) HK\$2.00 (400,000 Share Options in total) <sup>(Note 3)</sup> . . . . . HK\$0.0001 in cash

*Note 1:* These Share Options were granted on 10 August 2020, subject to three years vesting period and ten years' validity period till 9 August 2030. As at the Latest Practicable Date, these share options had been fully vested.

*Note 2:* These Share Options were granted on 1 April 2019, subject to three years vesting period and ten years' validity period till 31 March 2029. As at the Latest Practicable Date, these share options had been fully vested.

*Note 3:* These Share Options were granted on 5 January 2018, subject to three years vesting period and ten years' validity period till 4 January 2028. As at the Latest Practicable Date, these share options had been fully vested.

The Option Offer Price is the see-through price which represents the amount by which the Share Offer Price exceeds the exercise price of the relevant Share Options. In respect of the Share Option with an exercise price higher than the Share Offer Price, the Option Offer Price is at a nominal amount of HK\$0.0001.

The Share Offer is extended to all Offer Shareholders and the Option Offer is extended to all Offer Optionholders (whether their respective Share Options are vested or not) in accordance with the Takeovers Code. Following acceptance of the Option Offer, the Share Options, together with all rights attaching thereto, will be entirely cancelled and renounced.

The Offers are unconditional in all aspects and will not be conditional upon any minimum level of acceptances being received or any other conditions.

### **Comparison of value**

The Share Offer Price of HK\$0.28 per Offer Share represents:

- (i) a discount approximately 53.33% to the closing price of HK\$0.60 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 52.54% to the closing price of HK\$0.59 per Share as quoted on the Stock Exchange on 12 July 2022, being the last trading day immediately before the date of the Joint Announcement;
- (iii) a discount of approximately 39.13% to the closing price of HK\$0.46 per Share as quoted on the Stock Exchange on 21 June 2022, being the Last Trading Day;
- (iv) a discount of approximately 17.65% to the average closing price of HK\$0.34 per Share based on the daily closing prices as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;

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## LETTER FROM THE BOARD

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- (v) a discount of approximately 6.67% to the average closing price of approximately HK\$0.30 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (vi) a discount of approximately 3.45% to the average closing price of approximately HK\$0.29 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (vii) a premium of 12.00% over the audited consolidated net asset value attributable to the Shareholders of approximately HK\$0.25 per Share as at 31 December 2021, calculated by dividing the Group's audited consolidated net assets attributable to the Shareholders of approximately HK\$137,233,000 as at 31 December 2021 by 548,378,822 Shares in issue as at the Latest Practicable Date; and
- (viii) a premium of 40.00% over the unaudited consolidated net asset value attributable to the Shareholders of approximately HK\$0.20 per Share as at 30 June 2022, calculated by dividing the Group's unaudited consolidated net assets attributable to the Shareholders of approximately HK\$110,138,000 as at 30 June 2022 by 548,378,822 Shares in issue as at the Latest Practicable Date.

### Highest and lowest Share prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$0.62 per Share on 12 August 2022 and HK\$0.242 per Share on 9 June 2022, respectively.

### IRREVOCABLE UNDERTAKINGS

As at the Latest Practicable Date, the Vendor was interested in 48,195,605 Shares, representing approximately 8.79% of the total issued share capital of the Company. Pursuant to the Vendor Irrevocable Undertaking, the Vendor has irrevocably undertaken not to accept the Share Offer in respect of the aforesaid 48,195,605 Shares and the Vendor will not sell, transfer, encumber, grant any rights over or otherwise dispose of the aforesaid Shares held by it and/or otherwise make the aforesaid Shares held by it available for acceptance of the Offers, directly or indirectly, prior to completion, termination or withdrawal of the Offers.

As at the Latest Practicable Date:

- (i) Ms. Zhang Jing, a Director, held 137,200 Shares, 3,100,000 Share Options with an exercise price of HK\$0.26 each and 466,800 Share Options with an exercise price of HK\$1.10 each;
- (ii) Mr. Yan Hao, a Director, held 3,100,000 Share Options with an exercise price of HK\$0.26 each and 200,000 Share Options with an exercise price of HK\$1.10 each;

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## LETTER FROM THE BOARD

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- (iii) Ms. Huang Lilan, a Director, held 1,000,000 Share Options with an exercise price of HK\$0.26 each and 1,000,000 Share Options with an exercise price of HK\$1.10 each;
- (iv) Mr. Yang Xianfeng, a Director, held 3,100,000 Share Options with an exercise price of HK\$0.26 each and 2,066,800 Share Options with an exercise price of HK\$1.10 each;
- (v) Mr. Law Man San Vincent, a party acting in concert with the Vendor, held 184,000 Shares;
- (vi) Mr. Yu Bo, a party acting in concert with the Vendor, held 8,000 Shares and 3,100,000 Share Options with an exercise price of HK\$0.26 each and 3,100,000 Share Options with an exercise price of HK\$1.10 each; and
- (vii) Mr. Yuan Qiang, a party acting in concert with the Vendor, held 3,100,000 Share Options with an exercise price of HK\$0.26 each and 3,100,000 Share Options with an exercise price of HK\$1.10 each.

On 20 July 2022, each of Ms. Zhang Jing, Mr. Yan Hao, Ms. Huang Lilan, Mr. Yang Xianfeng, Mr. Law Man San Vincent, Mr. Yu Bo and Mr. Yuan Qiang executed the Other Irrevocable Undertakings pursuant to which each of them has irrevocably undertaken not to accept the Share Offer and/or the Option Offer (as applicable) and he/she will not sell, transfer, encumber, grant any rights over or otherwise dispose of any aforesaid Shares and/or Share Options held by each of them and/or otherwise make such Shares and/or Share Options available for acceptance of the Offers, directly or indirectly and/or exercise any Share Options held by each of them prior to completion, termination or withdrawal of the Offers.

Accordingly, a total of 48,524,805 Shares (being the Excluded Shares) and 26,433,600 Share Options (being the Excluded Options) are subject to the Irrevocable Undertakings. The Irrevocable Undertakings shall terminate immediately if the Offers are not made in accordance with the requirements under the Takeovers Code or the Offers close, lapse or are withdrawn.

### **Value of the Offers**

Your attention is drawn to the section headed “Value of the Offers” in the “Letter from Lego Securities” in this Composite Document which sets out the value of the Offers.

### **INFORMATION ON THE GROUP**

The Company was incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the GEM of the Stock Exchange. The Group is principally engaged in (i) the provision of data analysis and storage services; (ii) data processors leasing services; and (iii) money lending business in Hong Kong.

Your attention is drawn to Appendices II and IV to this Composite Document which contain financial information and general information of the Group.

## LETTER FROM THE BOARD

### SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) immediately before Completion; (ii) immediately after Completion and as at the Latest Practicable Date (where none of the Share Options had been exercised); and (iii) immediately after Completion and as at the Latest Practicable Date (assuming all Share Options had been exercised).

Shareholders	Immediately before Completion		Immediately after Completion and as at the Latest Practicable Date (where none of the Share Options had been exercised)		Immediately after Completion and as at the Latest Practicable Date (assuming all Share Options had been exercised)	
	<i>Number of Shares</i> <i>(approximate)</i>	<i>%</i>	<i>Number of Shares</i> <i>(approximate)</i>	<i>%</i> <i>(approximate)</i>	<i>Number of Shares</i> <i>(approximate)</i>	<i>%</i> <i>(approximate)</i>
<b>Offeror Concert Party Group</b>						
– Offeror	–	–	279,673,200	51.00	279,673,200	48.19
– Ms. Mak Lam <sup>(Note 1)</sup>	15,160,000	2.76	15,160,000	2.76	15,160,000	2.61
<b>Sub-total</b>	<b>15,160,000</b>	<b>2.76</b>	<b>294,833,200</b>	<b>53.76</b>	<b>294,833,200</b>	<b>50.80</b>
<b>Vendor and his concert parties</b>						
– Vendor	327,868,805	59.79	48,195,605	8.79	48,195,605	8.30
– Ms. Zhang Jing <sup>(Note 2)</sup>	137,200	0.03	137,200	0.03	3,704,000	0.64
– Mr. Yan Hao <sup>(Note 2)</sup>	–	–	–	–	3,300,000	0.57
– Ms. Huang Lilan <sup>(Note 2)</sup>	–	–	–	–	2,000,000	0.34
– Mr. Yang Xianfeng <sup>(Note 3)</sup>	–	–	–	–	5,166,800	0.89
– Mr. Law Man San Vincent <sup>(Note 3)</sup>	184,000	0.03	184,000	0.03	184,000	0.03
– Mr. Yu Bo <sup>(Note 3)</sup>	8,000	0.0	8,000	0.0	6,208,000	1.07
– Mr. Yuan Qiang <sup>(Note 3)</sup>	–	–	–	–	6,200,000	1.07
<b>Sub-total</b>	<b>328,198,005</b>	<b>59.85</b>	<b>48,524,805</b>	<b>8.85</b>	<b>74,958,405</b>	<b>12.92</b>
<b>Other Directors</b>						
– Mr. Lin Sen	–	–	–	–	400,000	0.07
– Mr. Huang Jian	–	–	–	–	200,000	0.03
Public Shareholders	205,020,817	37.39	205,020,817	37.39	209,960,817	36.18
<b>Total:</b>	<b>548,378,822</b>	<b>100.00</b>	<b>548,378,822</b>	<b>100.00</b>	<b>580,352,422</b>	<b>100.00</b>



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## LETTER FROM THE BOARD

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*Notes:*

1. Ms. Mak Lam, being the sole director and a controlling shareholder of the Offeror interested in 55% shareholding interests thereof (of which, 25% is held by Ms. Mak Lam on trust as a nominee for Mr. Li Hongbin), is a party acting in concert with the Offeror.
2. Given each of Ms. Zhang Jing and Ms. Huang Lilan holds positions in the Vendor and that Mr. Yan Hao is an executive Director who has a close working relationship with the aforesaid Directors, they are presumed to be parties acting in concert with the Vendor.
3. Given Mr. Yang Xianfeng is the chief executive officer of the Vendor, Mr. Law Man San Vincent is an executive director of the Vendor, Mr. Yu Bo is the chairman of the board of directors of the Vendor and Mr. Yuan Qiang is the chief financial officer of the Vendor, each of Mr. Yang Xianfeng, Mr. Law Man San Vincent, Mr. Yu Bo and Mr. Yuan Qiang is a party acting in concert with the Vendor.
4. Certain percentage figures included in this table have been subject to rounding adjustments. Figures shown as totals may not be an arithmetic aggregation of the figures preceding them

### **INFORMATION ON THE OFFEROR**

Your attention is drawn to the section headed “Information of the Offeror” in the “Letter from Lego Securities” in, and Appendix III to, this Composite Document.

### **INTENTION OF THE OFFEROR ON THE GROUP**

Your attention is drawn to the section headed “Reasons for the acquisition and intention of the Offeror on the Group” in the “Letter from Lego Securities” in, and Appendix III to, this Composite Document.

The Board notes that the Offeror intends to continue the existing businesses of the Group, and expand such businesses including but not limited to the development of big data centre(s) in the overseas market including but not limited to the North America and Southeast Asia regions, after the close of the Offers. As at the Latest Practicable Date, save for the potential disposal of the residual obsolete assets of the Big Data Centres as well as the proposed changes to the composition of the Board and the chief executive officer of the Company, the Offeror did not have any intention to introduce any major changes to the existing operations and business of the Group, nor the Offeror had any intention to terminate or make significant changes to the employment of any employees of the Group upon the close of the Offers.

### **PROPOSED CHANGE TO THE BOARD COMPOSITION OF THE COMPANY**

Your attention is drawn to the section headed “Proposed change to the Board composition of the Company” in the “Letter from Lego Securities” in this Composite Document.

As at the Latest Practicable Date, all existing Directors had tendered their resignations and such resignations will take effect from the earliest time permitted under the applicable laws, rules and regulations, the GEM Listing Rules and the Takeovers Code, whichever is the latest, being after the close of the Offers.

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## **LETTER FROM THE BOARD**

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The Board noted from the “Letter from Lego Securities” in this Composite Document that the Offeror intends to nominate the following new Directors with their appointment being with effect not earlier than such date as permitted under the Takeovers Code (i.e. with effect from after the despatch of this Composite Document): (i) Mr. Li Hongbin as an executive Director and the new chairman of the Board; and (ii) Mr. Huang Yibin as an executive Director. For details of the biographies of the new Directors, please refer to the paragraphs headed “Proposed change to the Board composition of the Company” in the “Letter from Lego Securities”. Further announcement(s) will be made upon any changes to the composition to the Board as and when appropriate.

### **PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY**

Your attention is drawn to the section headed “Public float and maintaining the listing status of the Company” in the “Letter from Lego Securities” in this Composite Document.

The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealing in the Shares.

The Board notes that the Offeror intends to maintain the listing of the Shares on the GEM after the close of the Offers.

The Offeror and the new Directors to be appointed to the Board (namely, Mr. Li Hongbin and Mr. Huang Yibin) have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares following the close of the Offers.

### **RECOMMENDATIONS**

Your attention is drawn to the “Letter from the Independent Board Committee” and the “Letter from the Independent Financial Adviser” in this Composite Document, which contain, among others, the advice of the Independent Financial Adviser and the Independent Board Committee in relation to the Offers and the principal factors considered by them in arriving at their recommendations, and in particular, as to whether the terms of the Offers are fair and reasonable and as to the acceptance of the Offers.

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## LETTER FROM THE BOARD

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### ADDITIONAL INFORMATION

You attention is drawn to additional information set out in the appendices to this Composite Document. You are also recommended to read carefully the “Letter from Lego Securities” in, and Appendix I to this Composite Document as well as and the accompanying Forms of Acceptance.

If you are in doubt about your position in connection with the Offers, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

By order of the Board of  
**Loto Interactive Limited**  
**Yan Hao**  
*Chief Executive Officer and Executive Director*

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# LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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## **Loto Interactive Limited**

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

19 August 2022

*To the Offer Shareholders and the Offer Optionholders*

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFERS BY  
LEGO SECURITIES LIMITED  
FOR AND ON BEHALF OF MANFUL KINGDOM LIMITED TO ACQUIRE  
ALL THE ISSUED SHARES OF AND TO CANCEL ALL OUTSTANDING  
SHARE OPTIONS OF LOTO INTERACTIVE LIMITED (OTHER THAN THOSE  
ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY  
MANFUL KINGDOM LIMITED  
AND/OR PARTIES ACTING IN CONCERT WITH IT)**

### **INTRODUCTION**

Reference is made to the composite document dated 19 August 2022 jointly issued by the Company and the Offeror (the “**Composite Document**”), of which this letter forms part. Unless otherwise specified, capitalised terms used in this letter shall have the same meanings as defined in the Composite Document.

I have been appointed by the Board to form the Independent Board Committee for the purpose of advising the Offer Shareholders in respect of the Share Offer and the Offer Optionholders in respect of the Option Offer, as to whether the terms of the Offers are fair and reasonable and as to acceptance of the Offers.

VMS Securities has been appointed, with my approval, as the Independent Financial Adviser to advise me in respect of the terms of the Offers, as to whether the terms of the Offers are fair and reasonable and as to acceptance of the Offers. Details of its advice and the principal factors considered by it in arriving at its advice and recommendations are set out in the “Letter from the Independent Financial Adviser” in the Composite Document.

I also wish to draw your attention to “Letter from Lego Securities”, “Letter from the Board” and the additional information set out in this Composite Document, including the appendices to this Composite Document and the accompanying Forms of Acceptance in respect of the terms of the Offers and the acceptance and settlement procedures for the Offers.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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### RECOMMENDATIONS

Having considered the terms of the Offers, the information contained in the Composite Document and having taken into account the advice and recommendations of the Independent Financial Adviser and the principal factors taken into consideration by it in arriving at its opinion, I consider that the terms of the Offers are fair and reasonable so far as the Offer Shareholders and Offer Optionholders are concerned. Therefore, we recommend the Offer Shareholders and Offer Optionholders to accept the Offers.

The Offer Shareholders and the Offer Optionholders holding in-the-money Share Options who wish to realise part or all their investments in the Company should consider selling their Shares (in case of the Offer Optionholders, upon exercise of their Share Options) in the open market instead of accepting the Offers if the market price of the Shares exceeds the Share Offer Price and the exercise prices of the Share Options (in case of the Offer Optionholders) during the Offer Period and the sales proceeds (net of transaction costs) from disposal of the Shares exceed the amount receivable under the Offers. Otherwise, the Offer Shareholders and the Offer Optionholders holding in-the-money Share Options who wish to realise part or all their investments in the Company are recommended to accept the Share Offer and the Option Offer respectively. The Offer Shareholders and the Offer Optionholders are reminded to carefully and closely monitor the market price and the overall trading volume of the Shares, as they may or may not be able to dispose of their Shares (in case of the Offer Optionholders, upon exercise of their Share Options) in the market at prices higher than the Share Offer Price.

For the Offer Optionholders holding out-of-the-money Share Options, in view of the minimal proceeds from accepting the Option Offer in respect of the out-of-the-money Share Options, the Offer Optionholders holding the out-of-the-money Share Options should, subject to their individual investment criteria, keep their Share Options so as to benefit from their potential future value.

Notwithstanding my recommendations, the Offer Shareholders and the Offer Optionholders should consider carefully the terms of the Offers and then decide whether to accept or not to accept the Offers. You are strongly recommended to read the full text of the “Letter from the Independent Financial Adviser” as set out in the Composite Document.

Yours faithfully,  
Independent Board Committee of  
**Loto Interactive Limited**  
**Lu Haitian**  
*Independent non-executive Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the letter of advice from VMS Securities Limited, the independent financial adviser, to the Independent Board Committee, the Offer Shareholders and the Offer Optionholders in respect of the Offers which has been prepared for the purpose of inclusion in the Composite Document.*



**VMS Securities Limited**  
49/F, One Exchange Square,  
8 Connaught Place,  
Central, Hong Kong

19 August 2022

*To the Independent Board Committee, the Offer Shareholders and  
the Offer Optionholders of Loto Interactive Limited*

Dear Sirs,

**MANDATORY UNCONDITIONAL CASH OFFERS BY  
LEGO SECURITIES LIMITED  
FOR AND ON BEHALF OF MANFUL KINGDOM LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF AND  
TO CANCEL ALL OUTSTANDING SHARE OPTIONS OF  
LOTO INTERACTIVE LIMITED (OTHER THAN THOSE ALREADY OWNED  
AND/OR AGREED TO BE ACQUIRED BY MANFUL KINGDOM LIMITED  
AND/OR PARTIES ACTING IN CONCERT WITH IT)**

### INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee in respect of the Offers. Our appointment as the independent financial adviser has been approved by the Independent Board Committee as set out in the Joint Announcement. Details of the Offers are set out in the Composite Document, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document unless otherwise specified herein.

Pursuant to the Takeovers Code, the Independent Board Committee, comprising Dr. Lu Haitian, the independent non-executive Director who has no direct or indirect interest in the Offers, has been established to make recommendations to the Offer Shareholders and the Offer Optionholders as to whether the terms of the Offers are fair and reasonable and as to the acceptance of the Offers.

Although Ms. Zhang Jing and Mr. Yang Xianfeng are non-executive Directors, each of them, being a party acting in concert with the Vendor, is considered to have interest in the Offers and therefore has not been appointed as members of the Independent Board Committee. In addition, as Mr. Lin Sen and Mr. Huang Jian (each an independent non-executive Director) are interested in the Offeror's Covenants Relating to Share Options, they have not been appointed as members of the Independent Board Committee.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As at the Latest Practicable Date, we are not associated with the Company, the Offeror or their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them and, accordingly, are considered eligible to give independent advice on the Offers. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we shall receive any fees or benefits from the Company, the Offeror or their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them.

In formulating our advice and recommendation, we have reviewed, among other things, (i) the Composite Document; (ii) the Company's interim results announcement for the six months ended 30 June 2022; (iii) the Company's annual report for the year ended 31 December 2021 (the "**2021 Annual Report**"); and (iv) other announcements published by the Company on website of the Stock Exchange since 1 January 2022 and up to the Latest Practicable Date. We have relied on the information and facts supplied, and the opinions expressed, by the executive Directors and management of the Group, and have assumed that all information and facts provided and opinions expressed to us are true, accurate and complete as at the Latest Practicable Date. We have further assumed that all representations contained or referred to in the Composite Document are true, accurate and complete as at the date of the Composite Document. Should there be any subsequent material changes to such information during the Offer Period, the Company will inform the Offer Shareholders and the Offer Optionholders as soon as possible in accordance with the Takeovers Code. The Offer Shareholders and the Offer Optionholders shall also be informed as soon as possible if we become aware of any material changes to such information contained or referred to herein and our opinion after the Latest Practicable Date and up to the close of the Offers. We have also sought and received confirmation from the executive Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and consider that the information we have received is sufficient for us to reach our opinion and to give the advice and recommendation set out in this letter, and to justify our reliance on such information. We have no reason to believe that any material information has been omitted or withheld, or doubt the truth or accuracy of the information provided. We have, however, not conducted any independent investigation into the business and affairs of the Group, the Offeror or their respective parties acting, or presumed to be acting, in concert with any of them, nor have we carried out any independent verification of the information supplied.

In relation to the Offers, we have not considered the tax implications on the Offer Shareholders and the Offer Optionholders of the acceptance or non-acceptance of the Offers since these depend on their individual circumstances. In particular, the Offer Shareholders and the Offer Optionholders who are overseas residents or subject to overseas taxation or Hong Kong taxation on securities dealings should consider their own tax position and, if in any doubt, should consult their own professional advisers.

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# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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## PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regard to the Offers, we have taken into account the following principal factors and reasons:

### 1. Background leading to, and principal terms of the Offers

On 12 July 2022 (after trading hours), the Vendor and the Offeror entered into the Share Purchase Agreement, pursuant to which the Vendor conditionally agreed to sell and the Offeror conditionally agreed to purchase the Sale Shares, being 279,673,200 Shares, representing approximately 51.00% of the entire issued share capital of the Company as at the Latest Practicable Date, for a total consideration of HK\$78,308,496, equivalent to HK\$0.28 per Sale Share, which was agreed between the Offeror and the Vendor after arm's length negotiations with reference to the then closing prices of the Shares. Completion took place on 25 July 2022.

Upon Completion, the Offeror Concert Party Group became interested in a total of 294,833,200 Shares, representing approximately 53.76% of the total issued share capital of the Company as at the Latest Practicable Date. Pursuant to the Takeovers Code, the Offeror is required to make mandatory unconditional cash offers (i) to acquire all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror Concert Party Group) and (ii) to cancel all the outstanding Share Options.

The Offers are being made by Lego Securities, on behalf of the Offeror, and in compliance with the Takeovers Code on the following basis:

#### *The Share Offer*

For each Offer Share . . . . . HK\$0.28 in cash

The Share Offer Price of HK\$0.28 per Offer Share is equal to the per Sale Share consideration under the Share Purchase Agreement. The Offer Shares to be acquired under the Share Offer shall be fully paid and free and clear of any lien and together with all rights attaching to them, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Share Offer is made, being the date of the Composite Document.

As at the Latest Practicable Date, no outstanding dividend declared by the Company remains unpaid and it is advised by the Board that the Company has no intention to make, declare or pay any future dividend or make other distributions until after the close of the Share Offer.

#### *The Option Offer*

For cancellation of each Share Option with exercise price being

- (i) HK\$0.26 (18,160,000 Share Options in total) (*Note 1*) . . . . . HK\$0.02 in cash
- (ii) HK\$1.10 (13,413,600 Share Options in total) (*Note 2*) . . . . . HK\$0.0001 in cash
- (iii) HK\$2.00 (400,000 Share Options in total) (*Note 3*) . . . . . HK\$0.0001 in cash



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Note 1:* These Share Options were granted on 10 August 2020, subject to three years vesting period and ten years' validity period till 9 August 2030. As at the Latest Practicable Date, these share options had been fully vested.

*Note 2:* These Share Options were granted on 1 April 2019, subject to three years vesting period and ten years' validity period till 31 March 2029. As at the Latest Practicable Date, these share options had been fully vested.

*Note 3:* These Share Options were granted on 5 January 2018, subject to three years vesting period and ten years' validity period till 4 January 2028. As at the Latest Practicable Date, these share options had been fully vested.

The cancellation prices under the Option Offer set out above, which are the respective "see through" prices, i.e. the Share Offer Price less the relevant exercise price in respect of the outstanding Share Options, reflect the normal basis adopted. For the outstanding Share Options with exercise prices exceeding the Share Offer Price (i.e. the outstanding Share Options being out-of-money), the Option Offer Price for the cancellation of each outstanding Share Option is set at nominal value of HK\$0.0001 by adopting the "see through" formula.

The Share Offer is extended to all Offer Shareholders and the Option Offer is extended to all Offer Optionholders (whether their respective Share Options are vested or not) in accordance with the Takeovers Code. Following acceptance of the Option Offer, the Share Options together with all rights attaching thereto, will be entirely cancelled and renounced.

The Offers are unconditional in all aspects and are not conditional upon any minimum level of acceptances being received or any other conditions.

As at the Latest Practicable Date, the Vendor was interested in 48,195,605 Shares, representing approximately 8.79% of the total issued share capital of the Company. Pursuant to the Vendor Irrevocable Undertaking, the Vendor has irrevocably undertaken not to accept the Share Offer in respect of the aforesaid 48,195,605 Shares and the Vendor will not sell, transfer, encumber, grant any rights over or otherwise dispose of the aforesaid Shares held by it and/or otherwise make the aforesaid Shares held by it available for acceptance of the Offers, directly or indirectly, prior to completion, termination or withdrawal of the Offers.

On 20 July 2022, each of Ms. Zhang Jing, Mr. Yan Hao, Ms. Huang Lilan, Mr. Yang Xianfeng, Mr. Law Man San Vincent, Mr. Yu Bo and Mr. Yuan Qiang executed the Other Irrevocable Undertakings, pursuant to which each of them has irrevocably undertaken not to accept the Share Offer and/or the Option Offer (as applicable) and he/she will not sell, transfer, encumber, grant any rights over or otherwise dispose of any aforesaid Shares and/or Share Options held by each of them and/or otherwise make such Shares and/or Share Options available for acceptance of the Offers, directly or indirectly and/or exercise any Share Options held by each of them prior to completion, termination or withdrawal of the Offers.

Accordingly, a total of 48,524,805 Shares (being the Excluded Shares) and 26,433,600 Share Options (being the Excluded Options) are subject to the Irrevocable Undertakings. The Irrevocable Undertakings shall terminate immediately if the Offers are not made in accordance with the requirements under the Takeovers Code or the Offers close, lapse or are withdrawn.

Further details of the Offers, including the expected timetable, terms of the Offers and procedures for acceptance of the Offers, are set out in the sections headed "Expected timetable", "Letter from Lego Securities", Appendix I to the Composite Document and the accompanying Forms of Acceptance. The Offer Shareholders and the Offer Optionholders are urged to read the Composite Document in full.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Overseas Shareholders and the Overseas Optionholders should carefully read the paragraph headed “Availability of the Offers”, set out in Appendix I to the Composite Document.

### 2. Information of the Group

The Group is principally engaged in (i) the provision of data analysis and storage services through the operation of a big data centre in Hong Kong; (ii) data processors leasing services in Kazakhstan; and (iii) money lending business in Hong Kong.

### 3. Financial information and prospects of the Group

#### (i) Financial results

Set out below is a summary of (1) the unaudited consolidated results of the Group for the six months ended 30 June 2021 and 2022 (as extracted from the interim results announcement for the six months ended 30 June 2022); and (2) the audited consolidated results of the Group for financial year ended 31 December 2020 and 2021 (as extracted from the 2021 Annual Report). Further details of the results and other financial information of the Group are set out in Appendix II to the Composite Document.

	For the six-month ended		For the year ended	
	30 June		31 December	
	2022	2021	2021	2020
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Revenue</b>	<b>15,270</b>	<b>171,888</b>	<b>180,721</b>	<b>382,955</b>
<b>Gross (loss)/profit</b>	<b>(1,074)</b>	<b>(9,560)</b>	<b>(13,766)</b>	<b>40,742</b>
<b>Loss for the period/year</b>	<b>(25,412)</b>	<b>(37,199)</b>	<b>(292,336)</b>	<b>(43,255)</b>
<b>(Loss)/Profit for the period/year attributable to:</b>				
Owners of the Company	(25,412)	(31,571)	(286,686)	(46,767)
Non-controlling interests	—	(5,628)	(5,650)	3,512
	<u><b>(25,412)</b></u>	<u><b>(37,199)</b></u>	<u><b>(292,336)</b></u>	<u><b>(43,255)</b></u>

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

a. *Revenue*

The following table sets out the breakdown of revenue of the Group:

	<b>For the six-month ended</b>		<b>For the year ended</b>	
	<b>30 June</b>		<b>31 December</b>	
	<b>2022</b>	<b>2021</b>	<b>2021</b>	<b>2020</b>
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Big data centre services (the “Big Data Centre Services”)</b>	13,770	170,044	177,376	379,658
<b>Money lending business</b>	1,500	1,500	3,000	2,250
<b>Online game business</b>	–	344	345	1,017
<b>Other income</b>	–	–	–	30
<b>Total revenue</b>	<b><u>15,270</u></b>	<b><u>171,888</u></b>	<b><u>180,721</u></b>	<b><u>382,955</u></b>

The Group generated revenue from the Big Data Centre Services amounting to approximately HK\$13.8 million for the six months ended 30 June 2022, with a decrease of approximately HK\$156.3 million as compared to the corresponding period in 2021, which was primarily due to the termination of operation of three big data centres in Sichuan Province, the PRC for compliance with various national regulatory requirements. The big data centre in Hong Kong, which commenced business since November 2021, generated a revenue of approximately HK\$13.8 million for the six months ended 30 June 2022. No revenue was generated from data processors leasing services for the same period. Money lending business generated the same amount of revenue of approximately HK\$1.5 million as the corresponding period in 2021.

The Group recorded a revenue of approximately HK\$180.7 million for the year ended 31 December 2021, representing a decrease of approximately 52.8% as compared to that of 2020 in an amount of approximately HK\$383.0 million. Revenue contributed by the Big Data Centre Services was approximately HK\$177.4 million for the year ended 31 December 2021, with a significant decrease by approximately 53.3% from that for the year ended 31 December 2020. The significant decrease in revenue for the Group in 2021 was primarily due to the decrease in revenue contributed by Big Data Centre Services, which contributed to approximately 98.1% of the Group’s total revenue in 2021. As a result of the termination of operation of three big data centres in Sichuan Province, the PRC in mid-2021 for compliance with various national regulatory requirements, revenue from the Big Data Centre Services decreased significantly by approximately 53.3%. Revenue generated from the money lending business was approximately HK\$3.0 million for the year ended 31 December 2021, with a slight increase of approximately HK\$0.8 million as compared to that for the year ended 31 December 2020.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

*b. Loss attributable to owners of the Company for the year/period*

The Group recorded a lower loss of approximately HK\$25.4 million for the six months ended 30 June 2022 as compared to that of approximately HK\$31.6 million for the corresponding period in 2021, which was mainly attributable to the decrease in gross loss of the Big Data Centre Services. Impairment provision was made in the second half of 2021 in respect of relevant machinery and equipment of the three big data centres in Sichuan Province, the PRC. Since the carrying amount of the aforementioned big data centres assets has decreased, the depreciation expense for the six months ended 30 June 2022 reduced sharply as compared to the corresponding period in 2021. This contributed mainly for the improvement of gross loss for the six months ended 30 June 2022.

The Group recorded a significant loss of approximately HK\$286.7 million for the year ended 31 December 2021 mainly due to the increase in the provision of impairment of fixed assets and goodwill of approximately HK\$224.3 million resulting from the Group's plan to close the three big data centres.

**(ii) Financial position**

The following is a summary of (i) the unaudited consolidated financial position of the Company as at 30 June 2021 and 2022; (as extracted from the 2021 and 2022 interim results announcements of the Company respectively) and (ii) the audited consolidated financial position of the Company as at 31 December 2020 and 2021 (as extracted from the 2021 Annual Report). Further details of the financial position and other financial information of the Group are set out in Appendix II to the Composite Document.

	As at 30 June		As at 31 December	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2021 (Audited) HK\$'000	2020 (Audited) HK\$'000
<b>Non-current asset</b>				
Property, plant and equipment	24,988	237,752	43,069	263,269
Right-of-use assets	3,488	5,363	4,185	6,409
Goodwill	–	11,837	–	11,703
Intangible assets	–	533	–	–
Investments in associates	3,539	2,712	3,698	2,431
Equity investments at fair value through other comprehensive income	–	–	–	5,057
Loan receivables	30,000	30,000	–	30,000
	<u>62,015</u>	<u>288,197</u>	<u>50,952</u>	<u>318,869</u>
<b>Total Non-current Assets</b>	<b>62,015</b>	<b>288,197</b>	<b>50,952</b>	<b>318,869</b>

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	As at 30 June		As at 31 December	
	2022	2021	2021	2020
	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>	(Audited) <i>HK\$'000</i>	(Audited) <i>HK\$'000</i>
<b>Current assets</b>				
Loan receivables	–	–	30,000	–
Trade and other receivables	42,755	112,600	48,725	91,418
Cash and cash equivalents	29,924	51,060	35,843	44,252
<b>Total Current Assets</b>	<b>72,679</b>	<b>163,660</b>	<b>114,568</b>	<b>135,670</b>
<b>Current liabilities</b>				
Trade and other payables	15,558	51,731	16,632	30,345
Lease liabilities	4,756	3,293	5,851	3,360
Amount due to a related company	849	29	–	467
Tax payable	3,278	6,159	3,278	7,421
<b>Total Current Liabilities</b>	<b>24,441</b>	<b>61,212</b>	<b>25,761</b>	<b>41,593</b>
<b>Net current assets</b>	<b>48,238</b>	<b>102,448</b>	<b>88,807</b>	<b>94,077</b>
<b>Total assets less current liabilities</b>	<b>110,253</b>	<b>390,645</b>	<b>139,759</b>	<b>412,946</b>
<b>Non-current Liabilities – lease liabilities</b>	<b>800</b>	<b>2,518</b>	<b>2,758</b>	<b>3,236</b>
<b>Net assets</b>	<b>109,453</b>	<b>388,127</b>	<b>137,001</b>	<b>409,710</b>
<b>EQUITY</b>				
<b>Equity attributable to owners of the Company</b>				
Share capital	54,838	54,838	54,838	37,902
Reserves	55,300	333,568	82,395	280,764
	<b>110,138</b>	<b>388,406</b>	<b>137,233</b>	<b>318,666</b>
Non-controlling interests	(685)	(279)	(232)	91,044
<b>Total equity</b>	<b>109,453</b>	<b>388,127</b>	<b>137,001</b>	<b>409,710</b>

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*As at 30 June 2022 (with comparative figures as at 31 December 2021)*

The non-current assets of the Group increased by approximately HK\$11.1 million to approximately HK\$62.0 million as of 30 June 2022 from that on 31 December 2021, this was primarily attributable to the increase in loan receivables which was partially offset by the drop of property, plant and equipment.

The current assets of the Group decreased to approximately HK\$72.7 million as of 30 June 2022 from approximately HK\$114.6 million as of 31 December 2021, mainly because loan receivables were recorded as current assets on 31 December 2021 while the same amount of loan receivables were recorded as non-current assets on 30 June 2022.

The net assets attributable to owners of the Company decreased from approximately HK\$137.2 million as of 31 December 2021 to approximately HK\$110.1 million as of 30 June 2022.

*As at 31 December 2021 (with comparative figures as at 31 December 2020)*

The non-current assets of the Group decreased by approximately HK\$267.9 million to approximately HK\$51.0 million as of 31 December 2021 from that on 31 December 2020, which was primarily attributable to the increase in the provision of impairment of fixed assets of approximately HK\$212.4 million resulting from the Group's plan to close the three big data centres in Sichuan Province, the PRC and the increase in the impairment of goodwill of Big Data Centres Services of approximately HK\$11.9 million.

The current liabilities of the Group decreased to approximately HK\$25.8 million as of 31 December 2021 from approximately HK\$41.6 million as of 31 December 2020, mainly as a result of the decrease in trade and other payables.

The net assets attributable to owners of the Company decreased from approximately HK\$318.7 million as of 31 December 2020 to approximately HK\$137.2 million as of 31 December 2021.

### ***(iii) Prospects of the Group***

Organizations benefit from data centers in a variety of ways. For example, they allow a company to focus on its consumer objectives instead of technological maintenance. Moreover, consolidating data center facilities offers the ability to enhance operations and better use of information technology assets.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We understand from the executive Directors that the Group is actively exploring the development of big data centers in other region with a view to expanding the data centre business and promoting the long-term development of the Group's businesses. The Group devoted resources to develop the big data centre business in Sichuan Province, the PRC and tried to develop the big data centre business in Kazakhstan in 2021. Operation of three big data centres in Sichuan Province, the PRC was suspended for compliance with various national regulatory requirements. It was disclosed in the announcement of the Company dated 8 March 2022 that due to the political unrest and unstable supply and price of electricity that had persisted in western Kazakhstan, the project to operate a big data centre in Kazakhstan under a joint venture company of the Group was agreed between the Group and the joint venture partner to be terminated. We are advised by the executive Directors that after these incidents in the PRC and Kazakhstan, and in view of the continuing surge of electricity cost globally, being the major operating costs of big data centre business, caused by energy supply chain disruption mainly due to COVID-19 pandemic and war in Ukraine, the Group remains cautious in investment and development of any new data centre businesses and therefore does not intend to continue or develop the big data centre business in the PRC or any other overseas territories in the near future.

In view of the above, the Group is currently focusing its resources on its existing big data centre business in Hong Kong only. The Group intends to expand its customer base of its existing big data center business in Hong Kong so as to enhance the revenue base of the Group and does not intend to develop additional big data center in Hong Kong in near future.

As advised by the executive Directors, the investment and development of a new big data centre can be capital intensive depending on the business plan at the relevant times, in particular, when the Group acquires the premise for the big data centre. In order to lower the amount of capital expenditure, the Group leases the premise for its big data centre in Hong Kong instead of acquiring the premise. As data centres have more stringent requirements in terms of power supply, alteration and renovation cost is one of major capital costs for the development of a new big data centre. Payment of rental deposit and commission of property agent are also required for development of a new big data centre. We understand from the executive Directors that if the Group establishes a new big data centre in the future, the Group would, in general, plan to achieve breakeven within eighteen months after its commencement of business.

According to the latest updated page of the official website of the Office of the Government Chief Information Officer of the Government of the Hong Kong Special Administrative Region (the "**Office of the Hong Kong Government Chief Information Officer**") (<https://www.datacentre.gov.hk/en/whyhk.html>), Hong Kong is a major financial and international trading and logistics hub and is home to many regional offices and headquarters of global corporations. This generates great demand for secure data centre facilities and services to support business growth in the PRC and the region. Moreover, Hong Kong is an ideal location for data centres with robust telecommunications infrastructure as well as geographical and strategic advantages. It is further stated in its latest updated page of the official website (<https://www.datacentre.gov.hk/en/home.html>) that the data centre sector has been growing fast in Hong Kong in recent years. The demand for data centres in the coming years will continue to increase. The Hong Kong Government is committed to fostering Hong Kong as the prime location for data centres in Asia Pacific in developing Hong Kong into a hub for technological cooperation and trade.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We also note from the official website of the Office of the Hong Kong Government Chief Information Officer that a speech was made by Mr. Kingsley Wong (“**Mr. Wong**”) (Assistant Government Chief Information Officer (Industry Development)) at the “Transforming towards Sustainable Data Centres Webinar” with a date marked of 19 May 2022. As set out in the speech of Mr. Wong, the Hong Kong Government has been committed to promoting data centre development in Hong Kong by implementing various facilitation measures, which include the provision of suitable land for high-tier data centre development, encouraging conversion of industrial buildings and use of industry lots to data centres through waiver fee exemption and tailor-made lease modification. Mr. Wong mentions that the total data centre floor space has increased to nearly 800,000 square meters in 2021. It is also noted an increasing number of data centre development projects being initiated in Hong Kong, including a surging number of industrial buildings in Kwai Chung to be converted to data centres, which are expected to produce around 200,000 square meters additional floor space for this data centre cluster.

To seize the aforesaid business opportunities, the Group commenced the business of the big data centre in Hong Kong in November 2021. In view of the commitment of the Hong Kong Government to promote data centre development in Hong Kong and the expected increase of demand for data centres in the coming years mentioned by the Office of the Hong Kong Government Chief Information Officer, we concur the view of executive Directors that the long-term prospects of big data centre business in Hong Kong are generally positive.

As set out in the sub-paragraph headed “Financial results” above, there was a significant drop of revenue of the Group for the year ended 31 December 2021 and for the six months ended 30 June 2022 due to termination of operation of three big data centres in Sichuan Province, the PRC. Losses were recorded by the Group in 2021 and for the six months ended 30 June 2022. This poses financial constraint for the Group to develop the big data centre business in Hong Kong. In addition, the Group consumes a considerable amount of electricity in operating its big data service centre. The operating costs of the Group’s big data centre may be affected by the potential increase of electricity cost, being one of the major variable cost of the Group’s data centre business. We are advised by the executive Directors that the Group was able to shift the additional operating cost to the customer via the increase of service fee charged in general. However, we consider that the increase of electricity cost caused by energy supply chain disruption mainly due to COVID-19 pandemic and war in Ukraine may remain a potential challenge to the Group’s existing data centre business in the upcoming future if the Group is unable to pass on the increased operating cost to its customer in a timely manner. As mentioned in Mr. Wong’s speech, there is an increasing number of data centre development projects being initiated in Hong Kong. It is expected that the market competition is likely to be intensified following completion of these projects. Accordingly, we consider that all of these pose uncertainty and challenge on the prospects of the Group.

#### **4. Information on the Offeror**

The Offeror is an investment holding company incorporated in Hong Kong with limited liability, and is directly owned as to 35% by Mr. Fu Jiepin, as to 55% by Ms. Mak Lam (of which, 25% is held by Ms. Mak Lam on trust as a nominee for Mr. Li Hongbin), as to 5% by Ms. Liang Yun and as to 5% by Mr. Liu Weihong. Ms. Mak Lam is the sole director of the Offeror.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Ms. Mak Lam, aged 55, graduated from Sun Yat-sen University with a bachelor's degree in automatic control in 1989. Ms. Mak Lam has over five years of experience in engineering and over 15 years of experience as a secretary to the board of directors. From 1990 to 1995, Ms. Mak worked as the engineer of quality control at Star Fair Electronics Co., Ltd., a company principally engaged in manufacturing of electronic appliances. From 2004 up to and including the Latest Practicable Date, Ms. Mak has been working as the secretary to the board of directors at Huayu Expressway Group Limited, which is a company listed on the Main Board of the Stock Exchange (stock code: 1823) and principally engaged in the construction, operation and management of expressways in the PRC and the business of liquor and spirits trading.

Mr. Fu Jiepin, aged 55, is an executive director of Huayu Expressway Group Limited which, as disclosed above, is a company listed on the Main Board of the Stock Exchange (stock code: 1823). Mr. Fu graduated from Sun Yat-Sen University with a bachelor's degree in electronics and information system in 1989. Mr. Fu has over 23 years of experience in development, operation and management of expressways in the PRC.

Mr. Li Hongbin, aged 55, graduated from Sun Yat-Sen University with a bachelor's degree in library science in 1989. From 1998 to 2017, Mr. Li worked as a general manager in various industries including companies principally engaged in the business of building materials trading and water sports events organising and management. From 2017 up to and including the Latest Practicable Date, Mr. Li has been a partner of 深圳賢林文化產業投資有限公司 (Shenzhen Xianlin Cultural Industry Investment Company Limited) (Note: the English name is for information purpose only and should not be regarded as its official English translation) which is a company principally engaged in investment activities in cultural industries.

Further details of the information on the Offeror are set out in the "Letter from Lego Securities" contained in the Composite Document.

Having considered that the each of the beneficial owners of the Offeror do not have direct relevant experience in the data centre industry, we are of the view that this poses a risk of uncertainty to the Group's business operation and strategy. We note from the "Letter from Lego Securities" contained in the Composite Document that the Offeror intends to nominate Mr. Huang Yibin to be an Executive Director and the new chief executive officer of the Company with effect from after the despatch of the Composite Document. Since Mr. Huang Yibin has over 32 years of experiences in digital infrastructure business, the risk of uncertainty is partially mitigated.

### **5. Intentions of the Offeror on the Group**

It is the intention of the Offeror that the Company will continue to focus on the development of its existing businesses. In particular, the Offeror intends to expand the existing businesses of the Group through, among others, the development of big data centre(s) in the overseas market including but not limited to the North America and Southeast Asia regions. Save for the above, the Offeror does not intend to introduce any major changes to the existing operations and businesses of the Group upon the close of the Offers.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Following the close of the Offers, the Offeror will conduct a review on the operations and financial position of the Group for the purpose of formulating business plans and strategies for the Group's long-term business development and will explore other business opportunities for the Group. Subject to the results of the review, and should suitable investment or business opportunities arise, the Offeror may consider whether any assets and/or business acquisitions or disposals by the Group will be appropriate in order to enhance its growth.

The Offeror has no intention to terminate or make significant changes to the employment of any employees of the Group (except for the proposed changes to the members of the Board and the chief executive officer of the Company at a time no earlier than that permitted under the GEM Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate, as further disclosed in the paragraph headed "Proposed change to the Board composition of the Company" below).

Save for the potential disposal of the residual obsolete assets of the three big data centres in the PRC as set out in the "Letter from Lego Securities" contained in the Composite Document, the Offeror has no intention to dispose of the Group's fixed assets which are not in the ordinary and usual course of business of the Group as a result of completion of the Offers. However, the Offeror reserves the right to make any changes that it deems necessary or appropriate to the Group's business and operations to optimise the value of the Group.

As at the Latest Practicable Date, no investment or business opportunity had been identified nor had the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to the injection of any assets or business into the Group.

Further details of the intentions of the Offeror are set out in the "Letter from Lego Securities" contained in the Composite Document.

It is stated in the "Letter from Lego Securities" contained in the Composite Document that the reason for the acquisition of the Sale Shares by the Offeror (the "**Acquisition**") is mainly because the Offeror is optimistic about the big data industry and would be able to grow the Company's business under its direction by way of the Acquisition. It is further stated in the "Letter from Lego Securities" contained in the Composite Document that it is the intention of the Offeror that the Company will (1) continue to focus on the development of its existing businesses; and (2) expand the existing businesses of the Group through, among others, the development of big data centre(s) in the overseas markets including, but not limited to, the North America and Southeast Asia regions. We understand from the Offeror that save for details disclosed in the "Letter from Lego Securities" contained in the Composite Document regarding the intention of the Offeror to develop overseas market, the Offeror has not yet formulated the plan to develop big data centre(s) in the overseas markets. As mentioned above, the Offeror will conduct a review on the operations and financial position of the Group after the close of the Offers. Since (1) the development plan of the big data centre(s) in the overseas markets is yet to be formulated; (2) the review on the Group's operations and financial position is yet to be conducted by the Offeror, and the review result is yet to be known as at the Latest Practicable Date; and (3) the proposed change to the Board composition of the Company as mentioned below, we are of the view that there is uncertainty on the prospects of the Group.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### **6. Maintaining the listing status of the Company**

As stated in the section headed “Public Float and maintaining the listing status of the Company” in the “Letter from the Board” contained in the Composite Document, the Offeror intends to maintain the listing of the Shares on GEM following the close of the Offers. The Offeror and the new Directors to be appointed to the Board (namely Mr. Li Hongbin and Mr. Huang Yibin) have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealing in the Shares.

### **7. Proposed change to the Board composition of the Company**

No Directors will resign before the close of the Offers. As at the Latest Practicable Date, all existing Directors had tendered their resignations and such resignations will take effect from the earliest time permitted under the applicable laws, rules and regulations, the GEM Listing Rules and the Takeovers Code, whichever is the latest, being after the close of the Offers.

The Offeror intends to nominate Mr. Li Hongbin to be an Executive Director and the new chairman of the Board and Mr. Huang Yibin to be an Executive Director and the new chief executive officer of the Company with effect from after the despatch of the Composite Document, and will nominate other candidates to be the new Directors with effect from a date not earlier than the date of the Composite Document or such other date as permitted under the applicable laws, rules and regulations, the GEM Listing Rules and the Takeovers Code. Any changes to the members of the Board including the aforesaid appointments and resignations will be made subject to necessary procedures and approvals of the Board as and when appropriate in accordance with the Takeovers Code and the GEM Listing Rules. Further announcement(s) will be made upon any changes to the composition to the Board in compliance with the Takeovers Code and the GEM Listing Rules as and when appropriate.

For the biographical details of Mr. Li Hongbin and Mr. Huang Yibin, please refer to the section headed “Proposed Change to the Board Composition of the Company” as set out in the “Letter from Lego Securities” contained in the Composite Document.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 8. Evaluation of the Share Offer Price

#### (i) Comparison of the Share Offer Price and recent Share prices

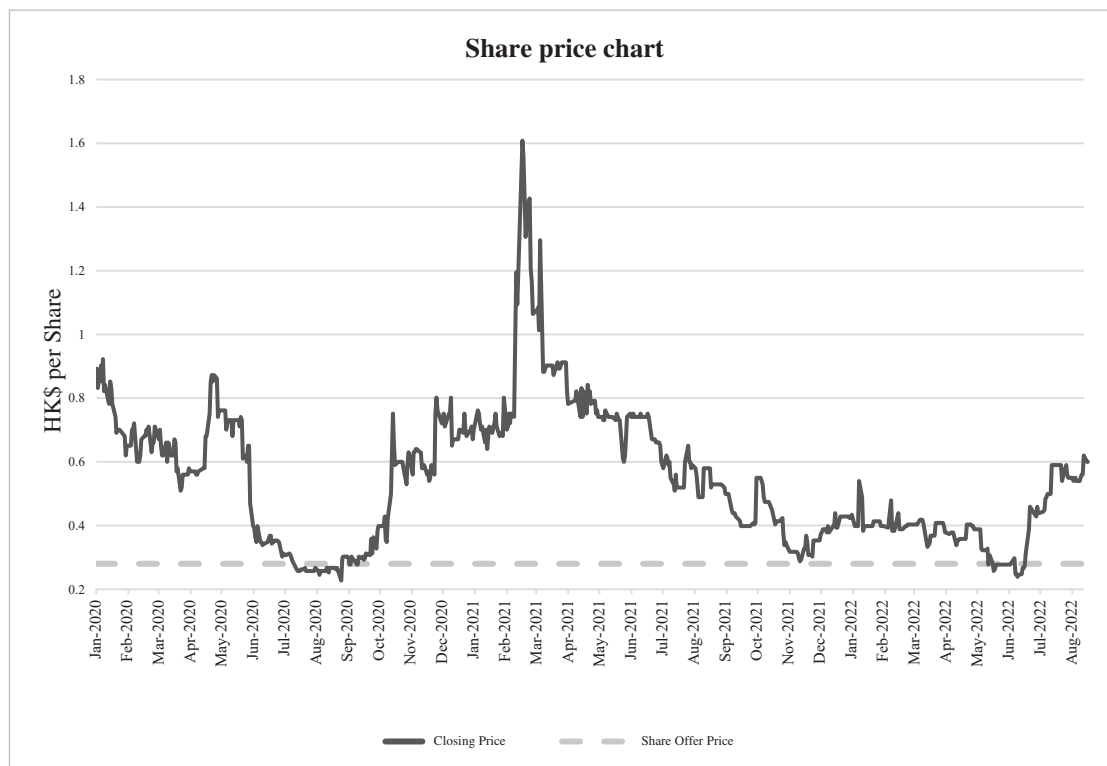
The Share Offer Price of HK\$0.28 per Share represents:

- 1) a discount of approximately 53.3% to the closing price of HK\$0.60 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- 2) a discount of approximately 52.54% to the closing price of HK\$0.59 per Share as quoted on the Stock Exchange on 12 July 2022, being the last trading day immediately prior to the publication of the Joint Announcement;
- 3) a discount of approximately 39.13% to the closing price of HK\$0.46 per Share as quoted on the Stock Exchange on 21 June 2022, being the Last Trading Day;
- 4) a discount of approximately 17.65% to the average closing price of HK\$0.34 per Share based on the daily closing prices as quoted on the Stock Exchange for the 5 consecutive trading days immediately prior to and including the Last Trading Day;
- 5) a discount of approximately 6.67% to the average closing price of approximately HK\$0.30 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- 6) a discount of approximately 3.45% to the average closing price of approximately HK\$0.29 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- 7) a premium of 12.00% over the audited consolidated net asset value attributable to the Shareholders of approximately HK\$0.25 per Share as at 31 December 2021, calculated by dividing the Group's audited consolidated net assets attributable to the Shareholders of approximately HK\$137,233,000 as at 31 December 2021 by 548,378,822 Shares in issue as at the Latest Practicable Date; and
- 8) a premium of 40.00% over the unaudited consolidated net asset value attributable to the Shareholders of approximately HK\$0.20 per Share as at 30 June 2022, calculated by dividing the Group's unaudited consolidated net assets attributable to the Shareholders of approximately HK\$110,138,000 as at 30 June 2022 by 548,378,822 Shares in issue as at the Latest Practicable Date.

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### (ii) Historical Share price performance

The chart below shows the daily closing price of the Shares quoted on the Stock Exchange from 1 January 2020 and up to the Latest Practicable Date (both dates inclusive) (the “**Review Period**”).



Source: Bloomberg

Note: The Company published an announcement to propose to consolidate every ten then issued and unissued shares into one consolidated share (the “**Share Consolidation**”) after trading hours on 24 April 2020. The Share Consolidation took effect on 28 May 2020. Accordingly, the closing prices of the Shares during the period from 1 January 2020 to 27 May 2020 have been adjusted to incorporate the effect of the Share Consolidation.

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During the Review Period, the lowest closing price and the highest closing price of the Shares were HK\$0.23 per Share recorded on 25 August 2020 and HK\$1.60 per Share recorded on 16 February 2021, respectively. The Share Offer Price of HK\$0.28 represents a premium of approximately 21.74% over the lowest closing price of the Shares and a discount of approximately 82.5% over the highest closing price of the Shares respectively during the Review Period. With reference to the chart above, the closing prices of the Shares was above the Share Offer Price at most of the times during the Review Period.

The closing prices of the Shares fluctuated in a range of between HK\$0.51 and HK\$0.92 per Share during the period from 2 January 2020 to 15 April 2020. Since 16 April 2020, the closing prices of the Shares were on an upward trend and reached HK\$0.87 per Share on 24 April 2020. The Company published an announcement to propose the Share Consolidation to consolidate every ten then issued and unissued shares into one consolidated share after trading hours on 24 April 2020. The price of the Share closed at HK\$0.86 on 27 April 2020 (being the trading day immediately after 24 April 2020). The Company published the “next day disclosure return” after trading hours on 28 May 2020 to announce that the Share Consolidation took effect on 28 May 2020. Closing prices of the Shares slumped from HK\$0.65 on 28 May 2020 to HK\$0.47 on 29 May 2020 by approximately 27.7%. There was a downward trend of closing prices of the Shares since then and the closing price of the Shares hit the lowest price of HK\$0.23 per Share on 25 August 2020. The Company announced the entering into of a placing agreement with a placing agent for placing up to 63,168,000 new Shares at the placing price of HK\$0.26 per placing Share after trading hours on 24 September 2020. The net proceeds from the placing were intended by the Company for expanding the capital base of its big data centers operations. The closing prices of the Shares increased from HK\$0.315 per Share on 24 September 2020 to HK\$0.365 per Share on 25 September 2020. Completion of the placing of a total of 63,164,000 placing Shares took place on 9 October 2020 pursuant the announcement of the Company dated 9 October 2020 published after trading hours on 9 October 2020. The closing prices of the Shares rose for a few days from HK\$0.425 per Share on 9 October 2020 to HK\$0.75 per Share on 14 October 2020. The closing prices of the Shares were closed between HK\$0.53 per Share and HK\$0.8 per Share during the period from 15 October 2020 to 28 January 2021.

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It was disclosed in the joint announcement of the Company and the Vendor dated 28 January 2021 that on 28 January 2021 (after trading hours), the Group entered into an acquisition agreement with independent third party sellers for the Group to acquire 49% equity interest of a target at a consideration of RMB88.2 million. The target was principally engaged in data processing and provision of application software services in the PRC. The target commenced its operation of big data center service since mid of 2020. Following completion of the acquisition, the target would become a wholly-owned subsidiary of the Group. On the same day (being 28 January 2021), the Company and the Vendor entered into a subscription agreement for the Vendor to subscribe for a total of 169,354,839 Shares at a subscription price (the “**Subscription Price**”) of HK\$0.62 per subscription Share. The gross subscription amount payable by the Vendor was approximately HK\$105.0 million which would be applied to fund the acquisition of 49% equity interest of the target. It was further disclosed in the joint announcement of the Company and the Vendor dated 28 January 2021 that the Vendor was required to make a share offer (the “**Previous Share Offer**”) and an option offer (the “**Previous Option Offer**”) upon completion of the subscription and pursuant to the Takeovers Code. The share offer price (the “**Previous Share Offer Price**”) was HK\$0.75 pursuant to the Previous Share Offer. This joint announcement of the Company and the Vendor was published after trading hours on 28 January 2021. Following the publication of the joint announcement of the Company and the Vendor dated 28 January 2021, the closing prices of the Shares increased from HK\$0.68 per Share on 28 January 2021 to HK\$0.8 per Share on 29 January 2021. The subsequent closing prices of the Shares were, in general, in a rising trend and surged to HK\$1.6 per Share on 16 February 2021 (being the highest closing price of the Shares during the Review Period). After that, closing prices of the Shares were in a downward trend. Both completion of the subscription and the acquisition took place on 31 March 2021. The Previous Share Offer and the Previous Option Offer were closed on 18 June 2021. Pursuant to the joint announcement of the Company and the Vendor dated 18 June 2021, immediately after the close of the Previous Share Offer and the Previous Option Offer, taking into account the valid acceptances in respect of a total of 30,642,534 offer shares under the Previous Share Offer and 6,800,000 options under the Previous Option Offer, the Vendor and parties acting in concert with it were in aggregate interested in 328,190,005 Shares, representing approximately 59.85% of the entire issued Shares of the Company on 18 June 2021.

The Share price was closed at HK\$0.74 per Share on 18 June 2021. The closing prices of the Shares were in a range of between HK\$0.29 and HK\$0.67 per Share with a downward trend during the period from 21 June 2021 (being the trading day immediately after 18 June 2021) to 11 November 2021. The downward trend may be attributable to (1) suspension of operation of the Big Data Centre Services in the PRC due to suspension of electricity supply by the electricity power company pursuant to national regulatory requirement. The Big Data Centre Services contributed substantial part of revenue of the Group in 2020. Further details were set out in the announcements of the Company dated 20, 21 and 25 June 2021; (2) the profit warning announcement of the Company dated 18 October 2021 in respect of results for the nine months ended 30 September 2021. The increase in consolidated net loss for the nine months ended 30 September 2021 was primarily due to (i) the suspension from power supply for the three big data centres, which led to decrease in revenue of the big data centre services in the third quarter; and (ii) the provision of impairment of fixed assets of the big data centres; and (3) the significant loss attributable to equity owners of the Company of approximately HK\$174.8 million for the nine months ended 30 September 2021 as compared to the loss attributable to equity owners of the Company of approximately HK\$32.1 million for the corresponding period in 2020. Further details were set out in the result announcement of the Company dated 8 November 2021.

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Closing prices of the Shares fluctuated in a range of between HK\$0.295 and HK\$0.54 per Share during the period from 12 November 2021 to 8 March 2022. The Company published an announcement regarding (i) termination of Kazakhstan project; and (ii) profit warning of 2021 annual results after trading hours on 8 March 2022. It was expected that the Group would record consolidated net loss of not less than HK\$292 million for the year ended 31 December 2021. Closing prices of the Shares remained at HK\$0.42 per Share on both of 8 March 2022 and 9 March 2022. Closing prices of the Shares were in a range of between HK\$0.325 and HK\$0.41 per Share during the period from 10 March 2022 to 11 May 2022. The results of the Group for the first quarter of 2022 of loss attributable to equity owners of the Company of approximately HK\$6.5 million were published after trading hours on 11 May 2022. Share price closed at HK\$0.28 per Share on 12 May 2022, representing a drop of approximately 15.2% as compared to the closing price of HK\$0.33 on 11 May 2022. Prices of the Shares were closed in a range of between HK\$0.242 and HK\$0.46 per Share during the period from 13 May 2022 to the Last Trading Day. It was disclosed in the Rule 3.7 Announcement dated 24 June 2022 that the Vendor was conducting a preliminary strategic review of its stake of approximately 59.79% in the Company, which might or might not lead to a sale of all or part of its Shares. After publication of the Rule 3.7 Announcement, trading of the Shares resumed on 27 June 2022 and closing prices of the Share were, in general, on upward trend. Price of the Shares closed at HK\$0.59 on 12 July 2022 (being the last trading day immediately before the publication of the Joint Announcement).

Since the publication of the Joint Announcement and up to the Latest Practicable Date, the Shares closed in a range of HK\$0.54 to HK\$0.62 (being above the Share Offer Price of HK\$0.28). The closing price of the Shares was HK\$0.60 on the Latest Practicable Date. The increase of the closing Share prices after publication of the Rule 3.7 Announcement and the Joint Announcement was probably due to market reaction towards the Offers. It is uncertain whether the current level of Share price will be sustainable in the absence of these corporate actions.

### ***(iii) Recent and longer term Share price comparison***

We note in sub-paragraph headed “Comparison of the Share Offer Price and recent Share prices” above that the discounts of the Share Offer Price to the closing price on the Last Trading Day and the average closing prices for the 5 consecutive trading days immediately prior to the Last Trading Day have ranged from approximately 17.65% to 39.13%.

As set out in the sub-paragraph headed “Liquidity of the Shares” below, there was a high level of trading volume of the Shares in June 2022. The Share price closed at HK\$0.25 on 7 June 2022, representing a drop of approximately 16.7% as compared to the closing price on the previous trading day. However, the trading volume of the Shares on 7 June 2022 was small with trading volume of 408,000 Shares, representing approximately 0.8% of the monthly total trading volume of the Shares of approximately 51.2 million Shares in June 2022. Save for the closing Share price movement on 7 June 2022, the daily closing Share price movement as compared to that of the previous trading day for the period from 1 June 2022 to 16 June 2022 was in a range of between (3.2%) and 8%. The closing price of the Shares was HK\$0.315 per Share on Friday, 17 June 2022 (being the second trading day immediately prior to the Last Trading Day (being Tuesday, 21 June 2022)), representing an increase of approximately 14.5% as compared to the closing price of HK\$0.275 per Share on Thursday, 16 June 2022.



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The closing prices of the Shares continued to rise and closed at HK\$0.46 per Share on the Last Trading Day, representing an increase of approximately 67.3% as compared to the closing price of HK\$0.275 per Share on 16 June 2022. The Company did not publish any announcement during the period from 16 June 2022 to the Last Trading Day. We were advised by the Company that the Company was not aware of any reasons leading to the fluctuation of the Share prices during the period from 16 June 2022 to the Last Trading Day. Therefore, we consider that the surge of closing Share prices for the period from 16 June 2022 to the Last Trading Day may not be supported by the fundamentals of the Company. In these circumstances, we are of the view that a comparison of the Share Offer Price with longer term average market prices of 10 and 30 consecutive trading days immediately prior to the Last Trading Day is more relevant to the Offer Shareholders to assess the fairness and reasonableness of the Share Offer Price. The discounts of the Share Offer Price to the average closing prices for the 10 and 30 consecutive trading days immediately prior to the Last Trading Day have ranged from approximately 3.45% to 6.67%.

**(iv) Liquidity of the Shares**

The following table sets out the trading volume of the Shares during the Review Period (including (i) the monthly total trading volume of the Shares for the respective month; (ii) the percentage of the monthly total trading volume to the total issued Share capital; and (iii) the percentage of the monthly total trading volume to the public float of the Company):

	<b>Monthly total trading volume</b> <i>(Notes 1 and 2)</i>	<b>Approximate % of monthly total trading volume of the Shares to total issued Shares</b> <i>(Note 3)</i>	<b>Approximate % of monthly total trading volume of the Shares to the public float</b> <i>(Note 4)</i>
<b>2020</b>			
January	2,940,560	0.93%	1.57%
February	1,599,920	0.51%	0.85%
March	2,879,000	0.91%	1.53%
April	797,360	0.25%	0.42%
May	1,112,960	0.35%	0.59%
June	1,888,440	0.60%	1.01%
July	4,092,280	1.30%	2.18%
August	1,952,740	0.62%	1.04%
September	2,723,626	0.86%	1.45%
October	2,758,532	0.73%	1.10%
November	1,714,315	0.45%	0.68%
December	1,955,060	0.52%	0.78%

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	<b>Monthly total trading volume</b> <i>(Notes 1 and 2)</i>	<b>Approximate % of monthly total trading volume of the Shares to total issued Shares</b> <i>(Note 3)</i>	<b>Approximate % of monthly total trading volume of the Shares to the public float</b> <i>(Note 4)</i>
<b>2021</b>			
January	8,121,000	2.14%	3.24%
February	18,445,122	4.87%	7.35%
March	6,315,960	1.15%	2.52%
April	2,774,200	0.51%	1.11%
May	11,462,050	2.09%	4.57%
June	5,516,720	1.01%	2.51%
July	2,083,840	0.38%	0.95%
August	300,120	0.05%	0.14%
September	861,640	0.16%	0.39%
October	1,229,240	0.22%	0.56%
November	1,400,960	0.26%	0.64%
December	5,801,805	1.06%	2.63%
<b>2022</b>			
January	577,840	0.11%	0.26%
February	720,800	0.13%	0.33%
March	444,760	0.08%	0.20%
April	190,000	0.03%	0.09%
May	1,540,840	0.28%	0.70%
June	51,200,320	9.34%	23.25%
July	7,999,320	1.46%	3.90%
August (up to the Latest Practicable Date)	5,899,769	1.07%	2.87%

*Notes:*

1. Source: Bloomberg
2. The Company published an announcement to propose the Share Consolidation to consolidate every ten then issued and unissued shares into one consolidated share after trading hours on 24 April 2020. The Share Consolidation took effect on 28 May 2020. Accordingly, the monthly total trading volume of the Shares from January 2020 to May 2020 have been adjusted to incorporate the effect of the Share Consolidation.
3. The calculation is based on the monthly total trading volume of the Shares divided by the total issued Shares at the end of each month.
4. The calculation is based on the monthly total trading volume of the Shares divided by the total number of Shares held by the public Shareholders at the end of each month as advised by the Company.

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As illustrated in the above table, the monthly trading volume of the Shares was thin during the year of 2020 with turnover generally not exceeding 2.2% of the Shares held by the public Shareholders. Announcement of the Previous Share Offer and the Previous Option Offer was published in January 2021. The Previous Share Offer and the Previous Option Offer were closed in June 2021. The high level of monthly trading volume of the Shares from January 2021 to June 2021 was likely stimulated by the Previous Share Offer and the Previous Option Offer. Following the close of the Previous Share Offer and the Previous Option Offer, the monthly trading volume of the Shares dropped below 1% of the Shares held by the public Shareholders during the period from July 2021 to November 2021. In December 2021, there was a rise of monthly trading volume of the Shares to 2.63% of the Shares held by the public Shareholders. The Company published an announcement dated 7 December 2021 regarding the progress of project in Kazakhstan. Due to the power outages and the rapid increase in the demand of electricity in Kazakhstan, which led to the surge in the price of electricity in the country, the Group and the joint venture partner agreed to postpone the injection of the initial capital for commencement of the project in Kazakhstan. Save for the announcement of the Company dated 7 December 2021, the Company advises that the Company is not aware of any reasons for the higher trading volume in December 2021.

The total trading volume for the period from 1 June 2022 to 8 June 2022 was 520,000 Shares. The trading volume of the Shares on 9 June 2022 surged to approximately 13.2 million Shares. The aggregate trading volume for the period from 9 June 2022 to the Last Trading Day (being 21 June 2022 and the last trading day immediately prior to the publication of the Rule 3.7 Announcement) amounted to approximately 45.1 million Shares, representing approximately 88% of the monthly total trading volume of the Shares of approximately 51.2 million Shares in June 2022. The Rule 3.7 Announcement was published by the Company on 24 June 2022. It was disclosed in the Rule 3.7 Announcement, among other things, that (1) the Company noted significant increases in the price of the Shares with unusual trading volume recently; and (2) the Vendor was conducting a preliminary strategic review of its stake of approximately 59.79% in the Company, which might or might not lead to a sale of all or part of its Shares. The Company did not publish any announcement during the period from 8 June 2022 to the Last Trading Day. We were advised by the Company that, save for the Rule 3.7 Announcement, the Company was not aware of any reasons leading to the high trading volume of the Shares in June 2022 (including during the period from 9 June 2022 to the Last Trading Day). The high monthly trading volume of the Shares in July 2022 and August 2022 (from 1 August to the Latest Practicable Date) may be promoted by the Offers. In our opinion, it is not likely that the monthly trading volume can reach such high level if the Offers close unless there is other positive news of the Company. In the absence of the Offers, the Offer Shareholders may find it difficult to dispose of large number of their Shares within a short period of time in the open market without exerting a downward pressure on the market price of the Shares. Accordingly, we consider that the Share Offer provides an assured exit to the Offer Shareholders to realize their investment in the Shares should they wish to do so.

(v) **Peer companies**

As the Group has reported consolidated loss attributable to the owners of the Company for the year ended 31 December 2021, historical price-to-earnings ratio analysis cannot be performed. Price-to-sale ratio (“**P/S Ratio**”) is commonly used to value non-profitable companies, It is stated in the sub-paragraph headed “Prospects of the Group” above that the development of a new big data centre can be capital intensive. The capital expenditure for development of a new big data centre will be recorded as assets. In assessing the fairness and reasonableness of the Share Offer Price, we, therefore, adopt both of the price-to-book ratio (“**P/B Ratio**”) and P/S Ratio for assessment.

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For the purpose of assessing the fairness and reasonableness of the Share Offer Price, we have sought to compare the historical P/B Ratio and the historical P/S ratio of the Group by reference to the market capitalisation of the Company implied by the Share Offer Price against those of the companies listed on the Stock Exchange with principal business comparable to the Company. It is disclosed in the paragraph headed “Financial information and prospects of the Group” above that the Big Data Centre Services in Hong Kong contributed to approximately 90% of total revenue of the Group for the six months ended 30 June 2022. We consider that the companies, which are principally engaged in provision of data centre services in Hong Kong with revenue generated from such operating segment contributing over 50% of the total revenue as shown in their latest published results available as at the date immediately prior to the Latest Practicable Date, are meaningful references for this purpose.

Based on the above selection criteria, we identify only one comparable company which forms an exhaustive list based on the aforesaid criteria. The comparison of the historical P/B Ratios and historical P/S Ratios of the Company and the comparable company are shown below:

Companies (stock code)	Market capitalisation as at the Latest Practicable Date	Net assets attributable to equity holders	Revenue	Historical P/B Ratio	Historical P/S Ratio
	<i>HK\$'000</i> <sup>(Note 1)</sup>	<i>HK\$'000</i> <sup>(Note 2)</sup>	<i>HK\$'000</i> <sup>(Note 2)</sup>	<i>Approx.</i> <i>times</i> <sup>(Note 3)</sup>	<i>Approx.</i> <i>times</i> <sup>(Note 4)</sup>
SUNeVision Holdings Limited (“SUNeVision”) (1686)	12,864,815	4,073,833	1,873,950	3.2	6.9
<b>the Company</b>	153,546 <sup>(Note 5)</sup>	110,138	180,721	1.4 <sup>(Note 6)</sup>	0.8 <sup>(Note 7)</sup>

*Notes:*

1. Source: Bloomberg.
2. Net assets attributable to equity holders of SUNeVision and the Company are extracted from their respective latest published unaudited interim results announcement available as at the day immediately prior to the Latest Practicable Date. Revenue of SUNeVision and the Company are extracted from their respective latest published annual report available as at the day immediately prior to the Latest Practicable Date.
3. The historical P/B ratio has been computed by dividing the market capitalisation as at the Latest Practicable Date by the net asset value attributable to equity holders.
4. The historical P/S ratio has been computed by dividing the market capitalisation as at the Latest Practicable Date by the revenue.
5. The market capitalisation of the Company is computed based on the Share Offer Price and the total number of Shares in issue as at the Latest Practicable Date.
6. The implied P/B Ratio of the Company is calculated based on the market capitalisation of the Company represented by the Share Offer Price and the unaudited net asset value attributable to equity holders of the Company on 30 June 2022 as set out above.
7. The implied P/S Ratio of the Company is calculated based on the market capitalisation of the Company represented by the Share Offer Price and the audited revenue of the Group for the year ended 31 December 2021 as set out above.

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Since there is only one comparable company, we consider that the analysis is of limited value and is included in this letter for illustration purpose only. Based on the annual report of SUNeVision for the financial year ended 30 June 2021, the profits attributable to its equity holders for the two years ended 30 June 2020 and 2021 amounted to approximately HK\$783.2 million and HK\$787.7 million respectively. As disclosed in the latest interim report, SUNeVision recorded profits attributable to its equity holders of approximately HK\$410.3 million for the six months ended 31 December 2021. On the other hand, as mentioned in the paragraph headed “Financial information and prospects of the Group” above, the Group recorded losses for the past two years ended 31 December 2020 and 2021, and for the six months ended 30 June 2022. The market may award a higher rating to SUNeVision because of its profitability.

**(vi) Mandatory general offers precedent**

We have compared the Share Offer Price to the offer prices of all six companies which are listed on the GEM of the Stock Exchange and have proceeded with a mandatory cash offer (the “Comparable Offers”) with their respective Rule 3.5 announcements published during the period from 1 January 2022 and up to the date immediately prior to the Latest Practicable Date. We consider that the period under review, being seven months, is appropriate for us to identify a sufficient sample size for analysis of recent mandatory general offer transactions in the market. It represents an exhaustive list of the Comparable Offers that we are able to identify from the Stock Exchange’s website satisfying the above selection criteria.

It should be noted that all the subject companies involved in the Comparable Offers may have different principal activities, market capitalisations, profitability and financial positions as compared with those of the Company. When the offeror (i.e buyer) negotiates the sale and purchase price with vendor for purchasing the controlling block of a listed company, the offeror will take a number of factors into account. We consider that the closing share prices for various periods and the net asset value per share are generally two important factors which the offeror would take into account to determine the sale and purchase price with the vendor. Accordingly, we consider that the premiums/discounts of the offer price of the Comparable Offers can assess whether the Share Offer Price is in line with those of recent mandatory general offer transactions in the market.

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The table below illustrates the premiums/discounts of the offer prices offered in the Comparable Offers over/to their respective then share prices prior to the announcement of the offer as well as their respective net asset value per share:

Date of Rule 3.5 announcement	Company (stock code)	Premium/(discount) over/(to) closing price or average closing share price prior to the announcement of the offer				Premium/(discount) over/(to) the net asset value per share attributable to equity owners
		the last trading day <i>(Notes 1 and 2)</i>	the 5 trading days immediately prior to and including the last trading day <i>(Notes 1 and 2)</i>	the 10 trading days immediately prior to and including the last trading day <i>(Notes 1 and 2)</i>	the 30 trading days immediately prior to and including the last trading day <i>(Notes 1 and 2)</i>	
4 January 2022	Nomad Technologies Holdings Limited (currently known as “Michong Metaverse (China) Holdings Group Limited”) (8645)	(67.74%)	(58.85%)	(57.13%)	(55.04%)	26.58%
14 March 2022	In Technical Productions Holdings Limited (8446)	(87.44%)	(84.16%)	(83.01%)	(81.24%)	116.60%
6 April 2022	Universe Printshop Holdings Limited (8448)	8.70%	7.76%	5.49%	3.16%	(7.41%)
10 May 2022	Easy Repay Finance & Investment Limited (8079)	(20.00%)	(18.37%)	(18.37%)	(17.53%)	(92.54%)
1 June 2022	1957 & Co. (Hospitality) Limited (8495)	7.90%	20.29%	24.21%	29.64%	268.34%
9 June 2022	KNK Holdings Limited (8039)	(88.95%)	(88.91%)	(88.90%)	(89.21%)	900.00% <i>(Note 3)</i>
	Maximum	8.70%	20.29%	24.21%	29.64%	268.34%
	Minimum	(88.95%)	(88.91%)	(88.90%)	(89.21%)	(92.54%)
	Average	(41.26%)	(37.04%)	(36.29%)	(35.04%)	62.31%
The Company		(39.13%)	(17.65%)	(6.67%)	(3.45%)	40.00%

Source: Bloomberg and the Stock Exchange website

Notes:

- Subject to rounding differences.
- Up to and including the last trading day of the shares prior to the publication of the Rule 3.5 announcement or Rule 3.7 announcement (where applicable).
- The unaudited consolidated net assets attributable to equity owners of KNK Holdings Limited amounted to approximately HK\$10 million as at 30 September 2021. In view of the minimal net asset value, the premium of the offer price over the net asset value per share attributable to equity owners of KNK Holdings Limited is considered as an outlier and excluded from our analysis.

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As shown in the table above:

1. the discounts of the Share Offer Price to the Last Trading Day Price, the 5 Days, the 10 Days and the 30 Days average Share price of the Company, amounted to approximately 39.13%, 17.65%, 6.67% and 3.45%, respectively, were all within the corresponding range and lower than the average of those of the Comparable Offers; and
2. the premium as represented by the Share Offer Price over the unaudited net asset value per Share as at 30 June 2022 was approximately 40.0%, which is within the range and lower than the average of those of the Comparable Offers (excluding the outlier).

### 9. The Option Offer

As at the Latest Practicable Date, the Company has 31,973,600 outstanding Share Options conferring rights to subscribe for 31,973,600 new Shares with exercise prices ranging from HK\$0.26 to HK\$2.00 per Share Option. It is stated in the “Letter from Lego Securities” contained in the Composite Document that pursuant to the 2012 Share Option Scheme, if the Share Offer becomes or is declared unconditional, the Optionholders of the 2012 Share Option Scheme shall be entitled to exercise their Share Options (to the extent not already exercised) at any time thereafter and up to the close of such offer and after which the Share Options shall lapse automatically. Optionholders should note that as at the Latest Practicable Date, the Board had exercised its absolute discretion in accordance with the 2012 Share Option Scheme to the effect that, upon the close of such offer, no Share Option will be cancelled or lapsed solely as a result of the making of the Offers.

Under the Option Offer, for in-the-money Share Options (i.e. exercise price lower than the Share Offer Price), the Option Offer Price is calculated on a “see through basis”, being the amount of the Share Offer Price of HK\$0.28 less the exercise prices of such in-the-money Share Option. In respect out-of-the-money Share Options (i.e. exercise price higher than the Share Offer Price), the “see through” price of such Share Option is zero while the Option Offer Price is at a nominal amount of HK\$0.0001, which is in line with market practice.

Recent market price of the Shares has closed above the Share Offer Price since the publication of the Joint Announcement up to and including the Latest Practicable Date at a range of HK\$0.54 to HK\$0.62 per Share. The Offer Optionholders which hold outstanding and exercisable Share Options with an exercise price below the market price may consider exercising their Share Options and, if they wish to realise their investments in the Company, sell these underlying Shares in the open market if the market price is above the exercise price and the net proceeds from such sale (after deducting the exercise price of the Share Options and all transaction costs) are higher than the Option Offer Price under the Option Offer.

As mentioned above, the Board had exercised its discretion to waive the lapsing of the outstanding and exercisable Share Options. Accordingly, the Share Options will not lapse even if they are not exercised upon the close of the Offers. In view of the minimal proceeds from accepting the Option Offer in respect of the out-of-the-money Share Options, the Offer Optionholders holding the out-of-the-money Share Options should, subject to their individual investment criteria, keep their Share Options so as to benefit from their potential future value.

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# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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## DISCUSSION

### 1) The Share Offer

#### *a) The Vendor agreed to sell the Sale Shares at HK\$0.28 per Sale Share*

It is disclosed in the paragraph headed “Evaluation of the Share Offer Price” that the Vendor and the Company entered into a subscription agreement for the Vendor to subscribe for a total of 169,354,839 Shares at the Subscription Price of HK\$0.62 per subscription Share in January 2021. The gross subscription amount payable by the Vendor was approximately HK\$105.0 million. Completion of the subscription took place on 31 March 2021.

The Vendor was required to make the Previous Share Offer and the Previous Option Offer upon completion of the subscription and pursuant to the Takeovers Code. The Previous Share Offer Price was HK\$0.75 pursuant to the Previous Share Offer. There were valid acceptances of a total of 30,642,534 offer shares under the Previous Share Offer and 6,800,000 options under the Previous Option Offer. The Previous Share Offer and the Previous Option Offer were closed on 18 June 2021.

The Vendor is familiar with the business and prospects of the Group, and had agreed to sell the Sale Shares at HK\$0.28 per Sale Share after around a year following the close of the Previous Share Offer and the Previous Option Offer. The sale price of the Sale Share of HK\$0.28 is substantially below both of the Subscription Price of HK\$0.62 and the Previous Share Offer Price of HK\$0.75. We would advise the Offer Shareholders to take this factor into consideration before concluding whether to accept the Share Offer.

#### *b) Financial performance and prospects of the Group*

The Group’s financial results were unsatisfactory as the Group recorded losses attributable to its equity owners for the past two years ended 31 December 2020 and 2021, as well as for the six months ended 30 June 2022. Substantial loss attributable to its equity owners of the Company was recorded for the financial year ended 31 December 2021 due to termination of operation of three big data centres in Sichuan Province, the PRC for compliance with various national regulatory requirements.

Following the termination of operation of three big data centres in PRC, the operation size of the Group diminished significantly in terms of the revenue for the six months ended 30 June 2022. The unaudited revenue of the Group for the six months ended 30 June 2022 of approximately HK\$15.3 million represented approximately 8.9% of revenue of the Group of approximately HK\$171.9 million for the corresponding period in 2021.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As set out in the sub-paragraph headed “Prospects of the Group” above, we consider that there is uncertainty and challenge on the prospects of the Group. Moreover, it is stated in the “Letter from Lego Securities” contained in the Composite Document that the Offeror (1) intends, among other things, to expand the existing businesses of the Group through, among others, the development of big data centre(s) in the overseas markets; and (2) will conduct a review on the operations and financial position of the Group after the close of the Offers. Since (1) the development plan of the big data centre(s) in the overseas markets is yet to be formulated; (2) the review on the Group’s operations and financial position is yet to be conducted by the Offeror, and the review result is yet to be known as at the Latest Practicable Date; and (3) the proposed change to the Board composition of the Company as set out in the “Letter from Lego Securities” contained in the Composite Document, we are of the view that there is uncertainty on the prospects of the Group.

***c) No declaration of dividend***

No dividend has been declared and paid by the Company for the past two financial years and for the six months ended 30 June 2022. Those Offer Shareholders who seek for dividend return for their investment may consider accepting the Share Offer and invest proceeds receivable therefrom in other securities with better dividend yield than the Shares.

***d) The Share Offer Price compared to historical Share price, net assets value attributable to the Shareholders and the Comparable Offers***

The discounts of the Share Offer Price to the closing price on the Last Trading Day and the average closing prices for the 5 consecutive trading days immediately prior to the Last Trading Day were approximately 39.13% and 17.65% respectively.

However, as discussed in the paragraph headed “Evaluation of the Share Offer Price” above, the comparison of the Share Offer Price with longer term average market prices of 10 and 30 consecutive trading days immediately prior to the Last Trading Day is more relevant to the Offer Shareholders to assess the fairness and reasonableness of the Share Offer Price. The discounts of the Share Offer Price to the average closing prices for the 10 and 30 consecutive trading days immediately prior to the Last Trading Day was approximately 6.67% and 3.45% respectively which is within the corresponding range and much lower than the respective average of those of the Comparable Offers (respective discount of approximately 36.29% and 35.04% for the 10 and 30 consecutive trading days period of the Comparable Offers).

The Share Offer Price represents a premium of approximately (1) 12.00% over the audited consolidated net asset value attributable to the Shareholders of approximately HK\$0.25 per Share as at 31 December 2021; and (2) 40.00% over the unaudited consolidated net asset value attributable to the Shareholders of approximately HK\$0.20 per Share as at 30 June 2022. The premium of 40% over the unaudited consolidated net asset value attributable to the Shareholders as at 30 June 2022 is within the range but is lower than that of the average of the Comparable Offers, being 62.31%.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*e) Poor liquidity of the Shares*

The liquidity of the Shares was generally thin except for certain specified periods as discussed in the sub-paragraph headed “Liquidity of the Shares” above. Those Offer Shareholders with significant shareholdings in the Company may find it difficult to dispose of their Shares within a short period of time in the market without exerting a downward pressure on the market price of the Shares. The Share Offer provides an assured opportunity for the Offer Shareholders to realise their investment in the Company should they wish to do so.

In view of the factors summarized in this section above, we consider the Share Offer Price to be fair and reasonable so far as the Offer Shareholders are concerned.

**2) The Option Offer**

The cancellation prices for the Share Options are determined by reference to the Share Offer Price of HK\$0.28 and the respective exercise prices of the Share Options of HK\$0.26, HK\$1.10 and HK\$2.00. This is the “see-through” principle which is normally adopted in Hong Kong in such circumstances. Since the Share Offer Price is considered by us to be fair and reasonable, we are of the view that the cancellation price for the Share Options to be fair and reasonable so far as the Offer Optionholders are concerned.

**RECOMMENDATION**

Having considered the principal factors and reasons as discussed above, in particular those summarized in the section headed “Discussion” above, we consider the terms of the Offers (being the Share Offer and the Option Offer) are fair and reasonable so far as the Offer Shareholders and the Offer Optionholders are concerned. Our recommendation to the Independent Board Committee to advise the Offer Shareholders and the Offer Optionholders is as below:

**(1) the Share Offer and the Option Offer in respect of in-the-money Share Options (i.e. the Share Options with exercise price lower than the Share Offer Price)**

The closing price of the Shares consistently exceeded (i) the Share Offer Price; and (ii) exercise price of HK\$0.26 for some of the outstanding Share Options. The Share price was closed at HK\$0.60 as at the Latest Practicable Date. The Share Offer Price represents a discount of approximately 53.3% to the closing Share price of HK\$0.60 as at the Latest Practicable Date.

We recommend the Independent Board Committee to advise the Offer Shareholders and the Offer Optionholders holding in-the-money Share Options who wish to realise part or all their investments in the Company should consider selling their Shares (in case of the Offer Optionholders, upon exercise of their Share Options) in the open market instead of accepting the Offers if the market price of the Shares exceeds the Share Offer Price and the exercise prices of the Share Options (in case of the Offer Optionholders) during the Offer Period and the sales proceeds (net of transaction costs) from disposal of the Shares exceed the amount receivable under the Offers. Otherwise, the Offer Shareholders and the Offer Optionholders holding in-the-money Share Options who wish to realise part or all their investments in the Company are recommended to accept the Share Offer and the Option Offer respectively.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Offer Shareholders and the Offer Optionholders are reminded to carefully and closely monitor the market price and the overall trading volume of the Shares, as they may or may not be able to dispose of their Shares (in case of the Offer Optionholders, upon exercise of their Share Options) in the market at prices higher than the Share Offer Price.

**(2) the Option Offer in respect of out-of-the-money Share Options (i.e. the Share Options with exercise price higher than the Share Offer Price)**

The Board had exercised its discretion to waive the lapsing of the outstanding and exercisable Share Options. Accordingly, the Share Options will not lapse even if they are not exercised upon the close of the Offers. In view of the minimal proceeds from accepting the Option Offer in respect of the out-of-the-money Share Options, the Offer Optionholders holding the out-of-the-money Share Options should, subject to their individual investment criteria, keep their Share Options so as to benefit from their potential future value.

**(3) Other matters for attention to the Offer Shareholders and the Offer Optionholders**

The Offer Shareholders should also be aware that, if the number of Shares held by the public, as defined in the GEM Listing Rules, comprises less than 25% of the issued Shares of the Company at the close of the Offers, trading in the Shares may be suspended. Should this happen, the Offer Shareholders who choose not to accept the Share Offer will not be able to sell their Shares on the Stock Exchange until trading in the Shares resumes.

The Offer Shareholders and the Offer Optionholders are strongly recommended to read carefully the terms and procedures for accepting the Share Offer and the Option Offer as set out in “Letter from Lego Securities” contained in the Composite Document, Appendix I to the Composite Document and the accompanying Forms of Acceptance.

Yours faithfully,  
for and on behalf of  
**VMS Securities Limited**  
**Richard Leung**  
*Managing Director*  
*Corporate Finance*

*Mr. Richard Leung is a licensed person and a responsible officer of VMS Securities Limited registered with the Securities and Futures Commission to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and has over fifteen years of experience in corporate finance industry.*

**1. GENERAL PROCEDURES FOR ACCEPTANCE OF THE SHARE OFFER**

- (a) To accept the Share Offer, you should complete and sign the accompanying **WHITE** Form of Share Offer Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Share Offer.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Share Offer in respect of your Shares (whether in full or in part), you must send the **WHITE** Form of Share Offer Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of Shares in respect of which you intend to accept the Share Offer, by post or by hand, to the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, marked "Loto Interactive Limited – Share Offer" on the envelope as soon as possible but in any event so as to reach the Registrar by not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.
- (c) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Share Offer in respect of your Shares (whether in full or in part), you must either:
  - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares with the nominee company, or other nominee, and with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver the **WHITE** Form of Share Offer Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares to the Registrar; or
  - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver the **WHITE** Form of Share Offer Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares to the Registrar; or

- (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorize HKSCC Nominees Limited to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
  - (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, give your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (d) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Share Offer in respect of your Shares, the **WHITE** Form of Share Offer Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares or that it/they are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares should be forwarded to the Registrar as soon as possible thereafter. If you have lost the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares, you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given should be provided to the Registrar.
- (e) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Share Offer in respect of your Shares, you should nevertheless complete and sign the **WHITE** Form of Share Offer Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will constitute an irrevocable authority to the Offeror and/or Lego Securities and/or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Share Offer, as if it/they were delivered to the Registrar with the **WHITE** Form of Share Offer Acceptance.

- (f) Acceptance of the Share Offer will be treated as valid only if the completed and signed **WHITE** Form of Share Offer Acceptance is received by the Registrar by not later than 4:00 p.m. on the Closing Date (or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code) and the Registrar has recorded that the acceptance and any relevant documents required by Note 1 to Rule 30.2 of the Takeovers Code have been so received, and is:
- (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares and, if that/those share certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents (e.g., a duly stamped transfer of the relevant Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or
  - (ii) from a registered Shareholder or his/her personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another sub-paragraph of this paragraph (f)); or
  - (iii) certified by the Registrar or the Stock Exchange.
- (g) If the **WHITE** Form of Share Offer Acceptance is executed by a person other than the registered Shareholders, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.
- (h) Seller's ad valorem stamp duty (rounded up to the nearest HK\$1) payable by the Shareholders who accept the Share Offer and calculated at a rate of 0.13% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is the higher, will be deducted from the amount payable by the Offeror to the relevant Shareholders on the acceptance of the Share Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the Shareholders who accept the Share Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfer of the Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).
- (i) No acknowledgement of receipt of any **WHITE** Form of Share Offer Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares will be given.

**2. GENERAL PROCEDURES FOR ACCEPTANCE OF THE OPTION OFFER**

- (a) To accept the Option Offer, you should complete and sign the accompanying **PINK** Form of the Option Offer Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Option Offer.
- (b) The duly completed and signed **PINK** Form of the Option Offer Acceptance should be forwarded, together with the relevant certificate(s) of the Share Options (and/or satisfactory indemnity or indemnities required in respect thereof) (if applicable) you intend to tender, stating the number of Share Options in respect of which you intend to accept the Option Offer, by post or by hand, in an envelope marked “Loto Interactive Limited – Option Offer” to the company secretary of the Company as soon as possible and in any event so as to reach the Company by not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce, with the consent of the Executive, in accordance with the Takeovers Code.
- (c) If the certificate(s) in respect of your Share Options (if applicable) is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Option Offer, the **PINK** Form of the Option Offer Acceptance should nevertheless be completed, signed and delivered to the Company together with a letter stating that you have lost one or more of your Share Option certificate(s) (if applicable) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Company as soon as possible thereafter. If you have lost your Share Option certificate(s) (if applicable), you should also write to the Company requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Company.
- (d) No stamp duty will be deducted from the amount paid or payable to Offer Optionholders who accept the Option Offer.
- (e) No acknowledgment of receipt of any **PINK** Form(s) of the Option Offer Acceptance and/or certificate(s) of the Share Options (if applicable) will be given.

In making their decision, the Offer Optionholders must rely on their own examination of the Group and the terms of the Option Offer, respectively, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form(s) of Acceptance, shall not be construed as any legal or business advice on the part of any of the member of the Offeror Concert Party Group, the Company, Lego Securities, Lego Corporate Finance, BOCOM (Asia), VMS Securities, Registrar and (as the case may be) their respective ultimate beneficial owners, directors, officers, agents, advisers or associates or any other person involved in the Offers. Offer Optionholders should consult their own professional advisers for professional advice.

**3. ACCEPTANCE PERIOD AND REVISIONS**

- (a) Unless the Offers have previously been revised or extended, with the consent of the Executive, in accordance with the Takeovers Code, the Forms of Acceptance must be received by the Registrar (in respect of the Share Offer) or the Company (in respect of the Option Offer) by 4:00 p.m. on the Closing Date in accordance with the instructions printed on the relevant Form of Acceptance, and the Offers will be closed on the Closing Date. The Offers are unconditional.
- (b) The Offeror and the Company will jointly issue an announcement in accordance with the Takeovers Code through the websites of the Stock Exchange and the Company no later than 7:00 p.m. on the Closing Date stating whether the Offers have been extended, revised or has expired.
- (c) In the event that the Offeror decides to extend the Offers, at least fourteen (14) days' notice by way of announcement will be given, before the latest time and date for acceptance of the Offers, to those Offer Shareholders or Offer Optionholders who have not accepted the Offers.
- (d) If the Offeror revises the terms of the Offers, all Offer Shareholders and Offer Optionholders, whether or not they have already accepted the Offers will be entitled to the revised terms. The revised Offers must be kept open for at least fourteen (14) days following the date on which the revised offer document is posted.
- (e) If the Closing Date of the Offers is extended, any reference in this Composite Document and in the Forms of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date of the Offers so extended.

**4. ANNOUNCEMENT**

- (a) As required under Rule 19 of the Takeovers Code, by 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offers. The Offeror must publish an announcement in accordance with the requirements of the Takeovers Code by 7:00 p.m. on the Closing Date stating whether the Offers have been extended, revised or has expired.

Such announcement must state the total number of Shares and rights over Shares:

- (i) for which acceptances of the Offers have been received;
- (ii) held, controlled or directed by the Offeror or any member of the Offeror Concert Party Group before the Offer Period; and



- (iii) acquired or agreed to be acquired by the Offeror or any member of the Offeror Concert Party Group during the Offer Period.

The announcement must also include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any member of the Offeror Concert Party Group has borrowed or lent, save for any borrowed securities which have been either on-lent or sold and the percentages of the relevant classes of share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

- (b) In computing the total number of Shares represented by acceptances, only valid acceptances in complete and good order and which have been received by the Registrar (in respect of the Share Offer) or the Company (in respect of the Option Offer) no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offers, shall be included.
- (c) As required by the Takeovers Code and the Listing Rules, all announcements in relation to the Offers which the Executive and the Stock Exchange have confirmed that they have no further comments thereon must be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.lotoie.com](http://www.lotoie.com)).

## **5. NOMINEE REGISTRATION**

To ensure equality of treatment to all Offer Shareholders, those registered Offer Shareholders who hold the Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Share Offer.

## **6. RIGHT OF WITHDRAWAL**

- (i) Acceptance of the Offers tendered by the Offer Shareholders and the Offer Optionholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in subparagraph (ii) below.
- (ii) If the Offeror is unable to comply with the requirements set out in the paragraph headed "4. Announcement" in this appendix, the Executive may require, pursuant to Rule 19.2 of the Takeovers Code, that the Offer Shareholders and the Offer Optionholders who have tendered acceptances of the Offers, be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements of Rule 19 of the Takeovers Code are met.

In such case, when the Offer Shareholders and/or Offer Optionholders withdraw their acceptances, the Offeror shall, as soon as possible but in any event within ten (10) days thereof, return by ordinary post the Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Offer Shares and/or Share Options (as the case may be) lodged with the Form(s) of Acceptance to the relevant Offer Shareholders and the Offer Optionholders (as the case may be) at their own risk.

**7. SETTLEMENT OF THE OFFERS****Share Offer**

Provided that the accompanying **WHITE** Form of the Share Offer Acceptance, together with the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Offer Shares are valid, complete and in good order and have been received by the Registrar no later than 4:00 p.m. on the Closing Date, a cheque for the amount due to each of the accepting Offer Shareholders in respect of the Offer Shares tendered under the Share Offer (less seller's ad valorem stamp duty payable by him/her/it) will be despatched to such Offer Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven (7) Business Days after the date of receipt of all relevant documents to render such acceptance complete and valid by the Registrar in accordance with the Takeovers Code.

Settlement of the consideration to which any accepting Offer Shareholder is entitled under the Share Offer will be paid by the Offeror in full in accordance with the terms of the Share Offer (save in respect of the payment of seller's ad valorem stamp duty) set out in this Composite Document (including this Appendix) and the accompanying **WHITE** Form of the Share Offer Acceptance, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Offer Shareholder.

No fraction of a cent will be payable and the amount of consideration payable to an Offer Shareholder who accept the Share Offer will be rounded up to the nearest cent.

**Option Offer**

Provided that the accompanying **PINK** Form of the Option Offer Acceptance, together with the relevant certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Share Options are valid, complete and in good order and have been received by the company secretary of the Company no later than 4:00 p.m. on the Closing Date, a cheque for the amount due to each of the accepting Offer Optionholders in respect of the Share Options tendered under the Option Offer will be despatched to such Offer Optionholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven (7) Business Days after the date of receipt of all relevant documents to render such acceptance complete and valid by the Company in accordance with the Takeovers Code

Settlement of the consideration to which any accepting Offer Optionholder is entitled under the Option Offer will be paid by the Offeror in full in accordance with the terms of the Option Offer set out in this Composite Document (including this appendix) and the accompanying **PINK** Form of the Option Offer Acceptance, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Offer Optionholder.

No fraction of a cent will be payable and the amount of consideration payable to an Offer Optionholder who accept the Option Offer will be rounded up to the nearest cent.

**8. AVAILABILITY OF THE OFFERS**

The availability of the Offers to any Overseas Shareholders and Overseas Optionholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders and Overseas Optionholders should fully observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers. It is the sole responsibilities of the Overseas Shareholders and the Overseas Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders and Overseas Optionholders in respect of such jurisdictions).

**Any acceptance of the Offers by any Overseas Shareholder and/or Overseas Optionholder will be deemed to constitute a representation and warranty from such Overseas Shareholder and/or Overseas Optionholder to the Offeror that the local laws and requirements have been complied with. Overseas Shareholders and Overseas Optionholders should consult their professional advisers if in doubt.**

**9. VALIDITY OF THE SHARE OPTIONS UPON CLOSE OF THE OFFERS**

Pursuant to the 2012 Share Option Scheme, if the Share Offer becomes or is declared unconditional, the Optionholders of the 2012 Share Option Scheme shall be entitled to exercise their Share Options (to the extent not already exercised) at any time thereafter and up to the close of such offer and after which the Share Options shall lapse automatically. Optionholders should note that as at the Latest Practicable Date, the Board had exercised its absolute discretion in accordance with paragraph 13.1 of the 2012 Share Option Scheme to the effect that, upon the close of such offer, no Share Option will be cancelled or lapsed solely as a result of the making of the Offers.

Pursuant to the 2012 Share Option Scheme, if a grantee of the Share Options, who is an employee, ceases to be an Eligible Participant due to the termination of his or her employment, the Share Options granted to him or her (to the extent not already exercised) shall lapse, in whole or in part, immediately or as the case may be, upon the expiry of a period of three months following the date of such cessation. Although the Board had, as at the Latest Practicable Date, exercised its absolute discretion to the effect that, upon the close of such Offers, no Share Option will be cancelled or lapsed solely as a result of the making of the Offers, the new management team of the Company after the close of the Offers may still have the authority to terminate the employment of the Optionholders such that their Share Options will lapse in three months. To maintain the Share Options granted to certain senior management of the Company for their contribution to the Company during their past service to the Company, pursuant to the Share Purchase Agreement, the Offeror has covenanted (i.e. the Offeror's Covenants Relating to the Share Options) that within a period of two years after the Completion to procure the Company not to take any steps to cancel the Share Options that have been granted to five Directors (namely Mr. Yan Hao, Ms. Huang Lilan, Mr. Yang Xianfeng, Mr. Lin Sen and Mr. Huang Jian) and two consultants of the Company (namely Mr. Wang Bingzhong and Mr. Yuan Qiang). The Share Options granted to them which are not exercised within two years after the date of the Completion shall automatically lapse and cease to be exercisable. None of the aforementioned five Directors and two consultants is a Shareholder.

**10. HONG KONG STAMP DUTY**

The seller's Hong Kong ad valorem stamp duty will be payable by the Offer Shareholders on acceptances of the Share Offer calculated at a rate of 0.13% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror, in respect of the relevant acceptances of the Share Offer, whichever is higher, and the amount of such duty will be deducted from the amount payable by the Offeror to such person on acceptance of the Share Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Offer Shareholders who accept the Share Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfers of the relevant Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

No stamp duty is payable in connection with the acceptances of the Option Offer.

**11. GENERAL**

- (a) All communications, notices, Forms of Acceptance, certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offers to be delivered by or sent to or from the Offer Shareholders and the Offer Optionholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk. None of the members of the Offeror Concert Party Group, the Company, Lego Securities, Lego Corporate Finance, BOCOM (Asia), VMS Securities, Registrar and (as the case may be) their respective ultimate beneficial owners, directors, officers, agents, advisers or associates or any other person involved in the Offers will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof or in connection therewith.
- (b) Acceptance of the Share Offer by any Offer Shareholders will constitute a warranty by such person to the Offeror and Lego Securities that all Offer Shares to be sold by such person under the Share Offer are fully paid and free from all encumbrances whatsoever together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date of this Composite Document.
- (c) Acceptance of the Share Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror and Lego Securities that the number of Offer Shares in respect of which it has indicated in the **WHITE** Form of the Share Offer Acceptance is the aggregate number of Shares held by such nominee for such beneficial owners who accept the Share Offer.
- (d) Acceptance of the Option Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror and Lego Securities that the number of Share Options in respect of which it has indicated in the **PINK** Form of the Option Offer Acceptance is the aggregate number of Share Options held by such nominee for such beneficial owners who accept the Option Offer.

- (e) Acceptance of the Offers by any person will be deemed to constitute a warranty by such person that such person is permitted under all applicable laws and regulations to receive and accept the Offers, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws and regulations. Any such person will be responsible for any such issue, transfer and other applicable taxes or other governmental payments payable/due by such persons.
- (f) All acceptances, instructions, authorities and undertakings given by the Offer Shareholders and the Offer Optionholders in the Forms of Acceptance shall be irrevocable, except as permitted under the Takeovers Code.
- (g) The provisions set out in the accompanying Forms of Acceptance form part of the terms of the Offers.
- (h) The accidental omission to despatch this Composite Document and/or the accompanying Forms of Acceptance or either of them to any person to whom the Offers are made shall not invalidate the Offers in any way.
- (i) The Offers are, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (j) Due execution of the Forms of Acceptance will constitute an irrevocable authority to the Offeror and/or Lego Securities and/or such person or persons as any of them may direct to complete, amend and execute any document on behalf of the person accepting the Offers, and to do any other act that may be necessary or expedient for the purpose of vesting in the Offeror, or such person or persons as it may direct, the Offer Shares and Share Options in respect of which such person has accepted the Offers.
- (k) The Offers are made in accordance with the Takeovers Code.

- (l) In making their decision, the Offer Shareholders and Offer Optionholders must rely on their own examination of the Offeror, the Group and the terms of the Offers, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the accompanying Forms of Acceptance shall not be construed as any legal or business advice on the part of any of the member of the Offeror Concert Party Group, the Company, Lego Securities, Lego Corporate Finance, BOCOM (Asia), VMS Securities, Registrar and (as the case may be) their respective ultimate beneficial owners, directors, officers, agents, advisers or associates or any other person involved in the Offers. The Offer Shareholders and the Offer Optionholders should consult their own professional advisers for professional advice.
- (m) This Composite Document has been prepared for the purposes of compliance with the legislative and regulatory requirements applicable in respect of the Offers in Hong Kong and the operating rules of the Stock Exchange.
- (n) References to the Offers in this Composite Document and the Forms of Acceptance shall include any extension and/or revision thereof.
- (o) The English text of this Composite Document and of the accompanying Forms of Acceptance shall prevail over the Chinese text.

## 1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following is a summary of (i) the audited financial results of the Group for each of three years ended 31 December 2021 as extracted from the published annual reports of the Company; and (ii) the unaudited consolidated interim financial results of the Group for the six months ended 30 June 2022 as extracted from the published interim report of the Company for the six months ended 30 June 2022.

**Results**

	For the six months ended		For the year ended		
	30 June		31 December		
	2022	2021	2021	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
Revenue	15,270	171,888	180,721	382,955	64,556
Loss before income tax	(25,412)	(37,199)	(295,107)	(40,357)	(34,876)
Income tax (expenses) credit	-	-	2,771	(2,898)	105
(Loss)/profit for the year attributable to:					
– Owners of the Company	(25,412)	(31,571)	(286,686)	(46,767)	(33,618)
– Non-controlling interests	-	(5,628)	(5,650)	3,512	(1,153)
Total comprehensive (loss)/income for the year attributable to:					
– Owners of the Company	(28,102)	(12,836)	(264,640)	(31,261)	(44,678)
– Non-controlling interests	(454)	(5,932)	(5,885)	4,650	(1,217)
Basic and diluted loss per share <i>(HK cents) (Restated)</i>	(4.63)	(7.18)	(56.54)	(14.16)	(10.66)

**Assets and liabilities**

	As at 30 June		As at 31 December	
	2022	2021	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)	(audited)	(audited)
Non-current assets	62,015	50,952	318,869	194,232
Current assets	72,679	114,568	135,670	217,683
Current liabilities	24,441	25,761	41,593	67,445
Non-current liabilities	800	2,758	3,236	1,723
Total equity attributable to:				
– Owners of the Company	110,138	137,233	318,666	329,871
– Non-controlling interests	(685)	(232)	91,044	12,876

The auditors of the Company for the three financial years ended 31 December 2019, 2020 and 2021 were ZHONGHUI ANDA CPA Limited. The auditors' reports issued by ZHONGHUI ANDA CPA Limited in respect of the audited consolidated financial statements of the Group for each of the three years ended 31 December 2019, 2020 and 2021 did not contain any qualified or modified opinion, emphasis of matter or material uncertainty related to going concern.

No dividends had been distributed by the Company during each of the three years ended 31 December 2019, 2020 and 2021, respectively, and the six months ended 30 June 2022.

Save as disclosed below, there were no items of income or expenses which are material in respect of the audited consolidated financial statements of the Group for each of the three years ended 31 December 2019 (the “**2019 Financial Statements**”), 2020 (the “**2020 Financial Statements**”) and 2021 (the “**2021 Financial Statements**”), and the unaudited consolidated financial statements of the Group for the six months ended 30 June 2022 (the “**2022 Interim Financial Statements**”).

- (i) provision for impairment of equity investment at fair value through other comprehensive loss of approximately HK\$10.1 million were recognised at the end of 2019;
- (ii) provision for impairment on investment in associates of approximately HK\$7.7 million at the end of 2019;
- (iii) provision for impairment on investment in associates of approximately HK\$3.2 million at the end of 2020;
- (iv) provision for impairment of property, plant and equipment of approximately HK\$212.6 million at the end of 2021;
- (v) provision of impairment of goodwill of approximately HK\$11.9 million at the end of 2021; and
- (vi) provision of impairment of right of use of assets of approximately HK\$3 million at the end of 2021.

## 2. CONSOLIDATED FINANCIAL STATEMENTS

The Company is required to set out or refer to in this Composite Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in the 2019 Financial Statements, 2020 Financial Statements, 2021 Financial Statements and the 2022 Interim Financial Statements, together with the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.



The 2019 Financial Statements are set out from page 56 to page 143 in the annual report of the Company for the year ended 31 December 2019 (the “**2019 Annual Report**”), which was published on 30 March 2020. The 2019 Annual Report is posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.lotoie.com), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0330/2020033001180.pdf>

The 2020 Financial Statements are set out from page 65 to page 147 in the annual report of the Company for the year ended 31 December 2020 (the “**2020 Annual Report**”), which was published on 30 March 2021. The 2020 Annual Report is posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.lotoie.com), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0330/2021033001108.pdf>

The 2021 Financial Statements are set out from page 69 to page 149 in the annual report of the Company for the year ended 31 December 2021 (the “**2021 Annual Report**”), which was published on 30 March 2022. The 2021 Annual Report is posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.lotoie.com), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0330/2022033000699.pdf>

The 2022 Interim Financial Statements are set out from page 9 to page 24 of the interim report of the Company for the six months ended 30 June 2022 (the “**2022 Interim Report**”). The 2022 Interim Report is posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.lotoie.com), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0814/2022081400025.pdf>

### **3. INDEBTEDNESS**

As at the close of business on 30 June 2022, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this Composite Document, the indebtedness of the Group was as follows:

#### **(i) Lease liabilities**

In accordance with requirements of Hong Kong Financial Reporting Standards/HKFRS 16 “Leases”, leases have been recognised in the form of an asset (for the right-of-use assets) and a financial liability (for the payment obligations) in the Group’s consolidated statement of financial position. As at 30 June 2022, the Group had lease liabilities of approximately HK\$5.56 million relating to land and premises leased by the Group as lessee.

**(ii) Disclaimer**

Save as aforesaid or as otherwise disclosed herein and apart from intra-group liabilities and normal trade payables in the ordinary course of the business, the Group did not have any outstanding bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, finance leases, hire purchases commitments, which were either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities at the close of business on 30 June 2022.

There has been no material change in indebtedness or contingent liabilities of the Group since 30 June 2022 and up to the Latest Practicable Date.

**4. MATERIAL CHANGE**

The Directors confirm that, save for the following matters, as at the Latest Practicable Date, there were no material changes in the financial or trading position or outlook of the Group since 31 December 2021 (the date to which the latest published audited consolidated financial statements of the Group were made up) up to and including the Latest Practicable Date.

**(1) Termination of the joint venture project in Kazakhstan**

It was disclosed, among other things, in the announcement of the Company dated 8 March 2022 that due to the political unrest and unstable supply and price of electricity that had persisted in western Kazakhstan, the project to operate a big data centre in Kazakhstan under a joint venture company of the Group was agreed between the Group and the joint venture partner to be terminated. Further details were set out in the announcement of the Company dated 8 March 2022.

**(2) Extension of the loan**

As stated in the announcement of the Company dated 1 April 2022 that on 1 April 2022, Might Winner Limited (the “**Lender**”) (being an indirect wholly-owned subsidiary of the Company), Bright Topper Limited, an independent third party (being the borrower) and Ms. Li Xue (being the guarantor) entered into a supplemental loan agreement, pursuant to which the Lender agreed to extend the repayment date of a loan in the principal amount of HK\$30,000,000 by 24 months to 2 April 2024 at an interest rate of 10% per annum. It constituted a discloseable transaction of the Company under the GEM Listing Rules. Further details were set out in the announcement of the Company dated 1 April 2022.

**(3) Unaudited interim results of the Group for the six months ended 30 June 2022**

According to the 2022 Interim Report, the Group recorded unaudited revenue of approximately HK\$15.3 million for the six months ended 30 June 2022 which represented a significant drop of approximately 91.1% as compared to that of approximately HK\$171.9 million of the corresponding period of last year. The drop was primarily due to the termination of operation of three big data centres in Sichuan Province, the PRC for compliance with various national regulatory requirements. This also contributed to unaudited loss attributable to equity owners of the Company in an amount of approximately HK\$25.4 million for the six months ended 30 June 2022 as compared to that of approximately HK\$31.6 million of the corresponding period of last year.

There were (i) net cash flows used in operating activities of approximately HK\$2.1 million and (ii) net cash flows used in financing activities of approximately HK\$3.1 million during the six months ended 30 June 2022. These resulted in a drop of the Group's cash and cash equivalents from approximately HK\$35.8 million as at 31 December 2021 to HK\$29.9 million as at 30 June 2022. Further details were set out in the 2022 Interim Report.

**1. RESPONSIBILITY STATEMENT**

The sole director of the Offeror and Mr. Fu Jiepin jointly and severally accept full responsibility for the accuracy of information contained in this Composite Document (other than those relating to the Group, the Vendor or any of their associates or any parties acting in concert with them) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statements in this Composite Document misleading.

**2. DISCLOSURE OF INTERESTS**

As at the Latest Practicable Date, the Offeror Concert Party Group was in aggregate interested in a total of 294,833,200 Shares, representing approximately 53.76% of the total issued share capital of the Company. Save for the aforesaid, as at the Latest Practicable Date, the Offeror Concert Party Group did not hold, own, have control or direction over any voting rights or rights over the Shares, convertible securities, warrants, options of the Company or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

**3. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS**

The Offeror confirms that, as at the Latest Practicable Date:

- (i) save for and except the Sale Shares acquired by the Offeror from the Vendor, none of the members of the Offeror Concert Party Group had dealt for value in any Shares, convertible securities, warrants, options of the Company or any derivatives in respect of such securities of the Company during the Relevant Period;
- (ii) Save for and except (a) the Share Purchase Agreement and the Vendor Irrevocable Undertaking respectively entered into and executed by the Vendor, who (1) owned and controlled approximately 8.79% of the total issued share capital of the Company as at the Latest Practicable Date; and (2) had not dealt for value in the Shares, convertible securities, warrants, options of the Company or any derivatives in respect of such derivatives of the Company (save for the disposal of the 279,673,200 Shares to the Offeror under the Share Purchase Agreement at the consideration of HK\$0.28 per Sale Share) during the Relevant Period; and (b) the Other Irrevocable Undertakings executed respectively by Ms. Zhang Jing, Mr. Yan Hao, Ms. Huang Lilan, Mr. Yang Xianfeng, Mr. Law Man San Vincent, Mr. Yu Bo and Mr. Yuan Qiang, (1) whose shareholding interests in the Company owned or controlled as at the Latest Practicable Date are set out in the section headed “Irrevocable Undertakings” in the “Letter from Lego Securities” in this Composite Document; and (2) who had not dealt for value in the Shares, convertible securities, warrants, options of the Company or any derivatives in respect of such derivatives of the Company in the Relevant Period; and (c) the Loan Agreement entered into by Lego Securities, who (1) had no shareholding interests in the Company as at the Latest Practicable Date; and (2) had not dealt for value in the Shares, convertible securities, warrants, options of the Company or any derivatives in respect of such derivatives of the Company during the Relevant Period, there were no other arrangements (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code entered into between the Offeror or any persons acting in concert with the Offeror and any other person;

- (iii) save for and except the Share Purchase Agreement, there was no agreement or arrangement to which any member of the Offeror Concert Party Group was a party which related to circumstances in which the Offeror might or might not invoke or seek to invoke a condition to the Offers;
- (iv) none of the members of the Offeror Concert Party Group had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (v) Save for and except (a) the Vendor, who has executed the Vendor Irrevocable Undertaking, and (1) owned and controlled approximately 8.79% of the total issued share capital of the Company as at the Latest Practicable Date; and (2) had not dealt for value in the Shares (save for the disposal of the 279,673,200 Shares to the Offeror under the Share Purchase Agreement at the consideration of HK\$0.28 per Sale Share) during the Relevant Period; and (b) Ms. Zhang Jing, Mr. Yan Hao, Ms. Huang Lilan, Mr. Yang Xianfeng, Mr. Law Man San Vincent, Mr. Yu Bo and Mr. Yuan Qiang, who have respectively executed the Other Irrevocable Undertakings, and (1) whose shareholding interests in the Company (including interests in the Share Options) owned or controlled as at the Latest Practicable Date, as well as the details of such Share Options including the respective corresponding exercise prices and exercise periods are set out in the section headed “Irrevocable Undertakings” in the “Letter from Lego Securities” in, and the section headed “4. Disclosure of interest” in Appendix IV to, this Composite Document; in this Composite Document; and (2) who had not dealt for value in the Shares in the Relevant Period; there were no other persons who, prior to the posting of this Composite Document, had irrevocably committed themselves to accept or reject the Offers;
- (vi) save for and except the Offeror’s Covenants Relating to Share Options, there was no agreement or arrangement in relation to outstanding derivative in respect of the securities in the Company which had been entered into by the members of the Offeror Concert Party Group;
- (vii) save for and except the consideration for the Sale Shares paid by the Offeror to the Vendor under the Share Purchase Agreement and the Offeror’s Covenant Relating to Share Options, there was no other consideration, compensation or benefits in whatever form (other than statutory compensation required under the applicable laws) paid or to be paid by the members of the Offeror Concert Party Group to the Vendor, its ultimate beneficial owners or parties acting in concert with it in connection with the sale and purchase of the Sale Shares under the Share Purchase Agreement or loss of office or otherwise in connection with the Offers;
- (viii) save for the Offeror’s Covenants Relating to Share Options, no benefit will be given to any Director as compensation for loss of office or otherwise in connection with the Offers;
- (ix) save for and except the Share Purchase Agreement and the Irrevocable Undertakings, there was no understanding, arrangement or agreement or special deal (as defined in Rule 25 of the Takeovers Code) between the Vendor, its ultimate beneficial owners or parties acting in concert with any of them on one hand, and the Offeror Concert Party Group on the other hand;

- (x) save for and except the Share Purchase Agreement and the Irrevocable Undertakings, there was no understanding, arrangement or agreement or special deal (as defined in Rule 25 of the Takeovers Code) between (1) any Shareholder; and (2) (a) the Offeror Concert Party Group or (b) the Company, its subsidiaries or associated companies;
- (xi) save as disclosed in the section headed “Proposed Change to the Board composition of the Company” in the “Letter from Lego Securities” in this Composite Document, the Share Purchase Agreement, the Irrevocable Undertakings and the Offeror’s Covenants Relating to Share Options, there was no agreement, arrangement or understanding (including any compensation arrangement) existed between any member of the Offeror Concert Party Group and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or was dependent upon the Offers;
- (xii) save for and except the arrangements to deposit all 279,673,200 Sale Shares between the Offeror and Lego Securities, which did not hold any securities of the Company as at the Latest Practicable Date, for the loan facility of HK\$24,500,000 under the Loan Agreement, none of the members of the Offeror Concert Party Group had intention to enter, or had entered, into any agreement, arrangement or understanding to transfer, charge, or pledge the securities acquired in pursuance of the Offers to any other persons;
- (xiii) no Shares or any convertible securities, warrants, options or derivatives in respect of such securities of the Company was managed on a discretionary basis by fund managers (other than exempt fund managers) (if any) connected with any member of the Offeror Concert Party Group, and no such person had dealt for value in the Shares or any convertible securities, warrants, options or derivatives in respect of such securities of the Company during the Relevant Period; and
- (xiv) Save for and except (a) the Share Purchase Agreement and the Vendor Irrevocable Undertaking respectively entered into and executed by the Vendor, who (1) owned and controlled approximately 8.79% of the total issued share capital of the Company as at the Latest Practicable Date; and (2) had not dealt for value in the Shares (save for the disposal of the 279,673,200 Shares to the Offeror under the Share Purchase Agreement at the consideration of HK\$0.28 per Sale Share) during the Relevant Period; and (b) the Other Irrevocable Undertakings executed respectively by Ms. Zhang Jing, Mr. Yan Hao, Ms. Huang Lilan, Mr. Yang Xianfeng, Mr. Law Man San Vincent, Mr. Yu Bo and Mr. Yuan Qiang, (1) whose shareholding interests in the Company owned or controlled as at the Latest Practicable Date are set out in the section headed “Irrevocable Undertakings” in the “Letter from Lego Securities” in this Composite Document; and (2) who had not dealt for value in the Shares, convertible securities, warrants, options of the Company or any derivatives in respect of such derivatives of the Company in the Relevant Period; and (c) the Loan Agreement entered into by Lego Securities, who (1) did not own or control any shareholding interests in the Company as at the Latest Practicable Date; and (2) had not dealt for value in the Shares, convertible securities, warrants, options of the Company or any derivatives in respect of such derivatives of the Company during the Relevant Period, there were no other arrangements (whether by way of option, indemnity or otherwise) of any kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code entered into between the Offeror or any persons acting in concert with the Offeror or any associates of the Offeror and any other person;

## APPENDIX III GENERAL INFORMATION OF THE OFFEROR

### 4. MARKET PRICES

The table below shows the closing prices of the Shares as quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during Relevant Period; (ii) the Last Trading Day; (iii) the last trading day immediately before the date of the Joint Announcement; and (iv) the Latest Practicable Date:

<b>Date</b>	<b>Closing price HK\$</b>
31 December 2021	0.435
31 January 2022	0.400
28 February 2022	0.405
31 March 2022	0.380
29 April 2022	0.390
31 May 2022	0.280
21 June 2022 (being the Last Trading Day)	0.460
30 June 2022	0.440
12 July 2022 (being the last trading day immediately before the date of the Joint Announcement)	0.590
29 July 2022	0.550
16 August 2022 (being the Latest Practicable Date)	0.600

During the Relevant Period, the highest and lowest daily closing prices of the Shares as quoted on the Stock Exchange were HK\$0.62 per Share on 12 August 2022 and HK\$0.242 per Share on 9 June 2022, respectively.

### 5. QUALIFICATIONS AND CONSENTS OF EXPERTS

The following are the qualifications of the experts who have given opinions or advice which are contained or referred to in this Composite Document:

<b>Name</b>	<b>Qualification</b>
Lego Corporate Finance	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the financial adviser to the Offeror in connection with the Offers
Lego Securities	a corporation licensed to carry out Type 1 (advising in securities) regulated activity under the SFO, being the agent making the Offers for and on behalf of the Offeror

Each of the experts above has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter or report or advice and/or references to its name in the form and context in which they respectively appear.

**6. MISCELLANEOUS**

As at the Latest Practicable Date:

- (i) the Offeror was incorporated in Hong Kong with limited liability. The Offeror was directly owned as to 35% by Mr. Fu Jiepin, 55% by Ms. Mak Lam (of which, 25% is held by Ms. Mak Lam on trust as a nominee for Mr. Li Hongbin), 5% by Ms. Liang Yun and 5% by Mr. Liu Weihong. Ms. Mak Lam was the sole director of the Offeror. The principal members of the Offeror Concert Party Group were the Offeror, Ms. Mak Lam and Mr. Fu Jiepin.
- (ii) the registered address and correspondence address of the Offeror were Unit 1205, 12/F., Tower 1, Lippo Centre, No. 89 Queensway, Admiralty, Hong Kong.
- (iii) the correspondence address of Ms. Mak Lam and Mr. Fu Jiepin was Unit 1205, 12/F., Tower 1, Lippo Centre, No. 89 Queensway, Admiralty, Hong Kong.
- (iv) the registered office of Lego Securities was situated at Room 301, 3/F, China Building, 29 Queen's Road Central, Central, Hong Kong.
- (v) the registered office of Lego Corporate Finance was situated at Room 1601, 16/F, China Building, 29 Queen's Road Central, Central, Hong Kong.
- (vi) In the event of inconsistency, the English texts of this Composite Document and the accompanying Forms of Acceptance shall prevail over their respective Chinese texts.

**7. DOCUMENTS AVAILABLE FOR INSPECTION**

In addition to the documents relating to the Company as set out in the section headed "11. Documents available for inspection" of Appendix IV to this Composite Document, copies of the following documents are available for inspection (i) on the website of the SFC ([www.sfc.hk](http://www.sfc.hk)); (ii) on the website of the Company ([www.lotoie.com](http://www.lotoie.com)); and (iii) during normal business hours from 9:30 a.m. to 5:30 p.m., from Monday to Friday, other than Hong Kong public holidays, at the head office and principal place of business of the Company, at Units 813 & 815, Level 8, Core F, Cyberport 3, 100 Cyberport Road, Hong Kong from the date of this Composite Document onwards for as long as the Offers remain open for acceptance:

- (i) the articles of association of the Offeror;
- (ii) the "Letter from Lego Securities", the text of which is set out in this Composite Document;
- (iii) the consent letters referred to in the section headed "5. Qualifications and consents of experts" in this appendix;
- (iv) the Irrevocable Undertakings;
- (v) the Loan Agreement;



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**APPENDIX III            GENERAL INFORMATION OF THE OFFEROR**

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(vi) the Share Purchase Agreement; and

(vii) this Composite Document and the accompanying Forms of Acceptance.

## 1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than those relating to the Offeror or any of its associates or parties acting in concert with it), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the sole director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statements in this Composite Document misleading.

## 2. SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$65,000,000 divided into 650,000,000 Shares of HK\$0.10 each. The number of issued and paid-up Shares of the Company as at the Latest Practicable Date was 548,378,822 Shares.

All the Shares in issue rank *pari passu* in all respects with each other, including as to rights in respect of capital, dividends and voting.

The Shares are listed on the GEM of the Stock Exchange and no Shares are listed or dealt in on any other stock exchange and no such listing or permission to deal is being or is proposed to be sought.

Since 31 December 2021 (being the date to which the latest audited financial statements of the Group were made up), no Shares had been issued by the Company.

As at the Latest Practicable Date, save for the Share Options granted by the Company pursuant to the 2012 Share Option Scheme, under which 31,973,600 Share Options remained outstanding, the Company had no outstanding convertible securities, options, warrants, derivatives or any other conversion rights in issue affecting the Shares. Other than the outstanding Share Options, there were no options, derivatives, warrants or other securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company that carry a right to subscribe for or which are convertible into Shares. The details of the outstanding Share Options under the 2012 Share Option Scheme are set out below:

Date of grant	Exercise price per Share	Outstanding as at the Latest Practicable Date
10 August 2020	HK\$0.26	18,160,000
1 April 2019	HK\$1.10 ( <i>Note</i> )	13,413,600
5 January 2018	HK\$2.00 ( <i>Note</i> )	400,000

*Note:* As a result of the share consolidation which took effect on 28 May 2020, the exercise price per share of Share Options granted on 1 April 2019 and 5 January 2018 was adjusted from HK\$0.11 to HK\$1.10 and from HK\$0.2 to HK\$2.00, respectively.

**3. MARKET PRICE**

The table below shows the closing prices of the Shares as quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during Relevant Period; (ii) the Last Trading Day; (iii) the last trading day immediately before the date of the Joint Announcement; and (iv) the Latest Practicable Date:

<b>Date</b>	<b>Closing price</b> <i>HK\$</i>
31 December 2021	0.435
31 January 2022	0.400
28 February 2022	0.405
31 March 2022	0.380
29 April 2022	0.390
31 May 2022	0.280
21 June 2022 (being the Last Trading Day)	0.460
30 June 2022	0.440
12 July 2022 (being the last trading day immediately before the date of the Joint Announcement)	0.590
29 July 2022	0.550
16 August 2022 (being the Latest Practicable Date)	0.600

During the Relevant Period, the highest and lowest daily closing prices of the Shares as quoted on the Stock Exchange were HK\$0.62 per Share on 12 August 2022 and HK\$0.242 per Share on 9 June 2022, respectively.

## 4. DISCLOSURE OF INTEREST

## (a) Interests and short positions of the Directors and chief executive

As at the Latest Practicable Date, the following Directors had, or were deemed to have, interests and short positions in the Shares, underlying Shares and debentures of the Company or shares, underlying shares and debentures of any of the Company's associated corporations (within the meaning of Part XV of the SFO), which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or (iii) required, pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rule, to be notified to the Company and the Stock Exchange, or (iv) required to be disclosed under the Takeovers Code:

*Long Positions in the Shares and underlying Shares**(i) Ordinary shares of the Company*

Name of Director	Number of Shares held <i>(Note 2)</i>	Approximate percentage of total issued Shares of the Company <i>(Note 1)</i>
Ms. Zhang Jing	137,200	0.03%

*(ii) Share Options granted by the Company*

Name of Director	Number of underlying Shares held pursuant to the Share Options <i>(Notes 2 and 3)</i>	Approximate percentage of total issued Shares of the Company <i>(Note 1)</i>
Ms. Zhang Jing	3,566,800	0.65%
Mr. Yan Hao	3,300,000	0.60%
Ms. Huang Lilan	2,000,000	0.36%
Mr. Yang Xianfeng	5,166,800	0.94%
Mr. Lin Sen	400,000	0.07%
Mr. Huang Jian	200,000	0.04%

*Notes:*

1. As at the Latest Practicable Date, the total number of issued Shares of the Company was 548,378,822.
2. This represents interests held by the relevant Director as beneficial owner.
3. Details of the Share Options held by each Director were as follow:

Director	Number of Share Options	Date of grant	Exercise price	Exercise period in tranches
Ms. Zhang Jing	466,800	1 April 2019	HK\$1.10	from 1 April 2019 to 31 March 2029 from 1 April 2020 to 31 March 2029 from 1 April 2021 to 31 March 2029
	3,100,000	10 August 2020	HK\$0.26	from 10 August 2020 to 9 August 2030 from 10 August 2021 to 9 August 2030 from 10 August 2022 to 9 August 2030
Mr. Yan Hao	200,000	1 April 2019	HK\$1.10	from 1 April 2019 to 31 March 2029 from 1 April 2020 to 31 March 2029 from 1 April 2021 to 31 March 2029
	3,100,000	10 August 2020	HK\$0.26	from 10 August 2020 to 9 August 2030 from 10 August 2021 to 9 August 2030 from 10 August 2022 to 9 August 2030
Ms. Huang Lilan	1,000,000	1 April 2019	HK\$1.10	from 1 April 2019 to 31 March 2029 from 1 April 2020 to 31 March 2029 from 1 April 2021 to 31 March 2029
	1,000,000	10 August 2020	HK\$0.26	from 10 August 2020 to 9 August 2030 from 10 August 2021 to 9 August 2030 from 10 August 2022 to 9 August 2030
Mr. Yang Xianfeng	2,066,800	1 April 2019	HK\$1.10	from 1 April 2019 to 31 March 2029 from 1 April 2020 to 31 March 2029 from 1 April 2021 to 31 March 2029
	3,100,000	10 August 2020	HK\$0.26	from 10 August 2020 to 9 August 2030 from 10 August 2021 to 9 August 2030 from 10 August 2022 to 9 August 2030
Mr. Lin Sen	200,000	1 April 2019	HK\$1.10	from 1 April 2019 to 31 March 2029 from 1 April 2020 to 31 March 2029 from 1 April 2021 to 31 March 2029
	200,000	10 August 2020	HK\$0.26	from 10 August 2020 to 9 August 2030 from 10 August 2021 to 9 August 2030 from 10 August 2022 to 9 August 2030
Mr. Huang Jian	200,000	10 August 2020	HK\$0.26	from 10 August 2020 to 9 August 2030 from 10 August 2021 to 9 August 2030 from 10 August 2022 to 9 August 2030

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had, or were deemed to have, any interests or short positions in the Shares, underlying Shares and debentures of the Company or shares, underlying shares and debentures of any of the Company's associated corporations (within the meaning of Part XV of the SFO), which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or (iii) required, pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rule, to be notified to the Company and the Stock Exchange, or (iv) required to be disclosed under the Takeovers Code.

**(b) Interests and short positions of substantial Shareholders**

As at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

***Long Positions in the Shares***

<b>Name</b>	<b>Capacity</b>	<b>Total number of shares held</b>	<b>Approximate percentage of issued share capital of the Company</b> <i>(Note 1)</i>
The Offeror	Beneficial owner	279,673,200	51%
Mr. Fu Jiepin <i>(Note 1)</i>	Interest in controlled corporation	279,673,200	51%
Ms. Xia Bing <i>(Notes 1 and 2)</i>	Interest of spouse	279,673,200	51%
Vendor	Beneficial owner	48,195,605	8.79%
Mr. Law Man San <i>Vincent (Note 3)</i>	Beneficial owner and interest in controlled corporations	48,379,605	8.82%
Ms. Yuan Ping <i>(Notes 3 and 4)</i>	Interest of spouse	48,379,605	8.82%

*Notes:*

1. As at the Latest Practicable Date, as a controlling shareholder of the Offeror interested in 35% thereof, Mr. Fu Jiepin was deemed to be interested in 279,673,200 Shares held by the Offeror.
2. As at the Latest Practicable Date, Ms. Xia Bing was the spouse of Mr. Fu Jiepin. Accordingly, Ms. Xia Bing was deemed to be interested in the Shares in which Mr. Fu Jiepin was interested under the SFO as at the Latest Practicable Date.
3. Mr. Law Man San Vincent was deemed to be interested in 48,195,605 Shares held by the Vendor through his controlled corporations, Good Luck Capital Limited and Delite Limited. He was also interested in 184,000 Shares in the capacity of beneficial owner.
4. As at the Latest Practicable Date, Ms. Yuan Ping was the spouse of Mr. Law Man San Vincent. Accordingly, Ms. Yuan Ping was deemed to be interested in the Shares in which Mr. Law Man San Vincent was interested under the SFO as at the Latest Practicable Date.

As at the Latest Practicable Date, save as disclosed above, the Directors and the chief executive of the Company were not aware of any other persons or entities (other than the Directors or chief executives of the Company) who had interests or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group.

## **5. INTERESTS IN THE COMPANY AND THE OFFEROR AND ARRANGEMENTS IN CONNECTION WITH THE OFFERS**

The Company confirms that:

- (a) none of the Directors or companies owned or controlled by them had dealt for value in any Shares, options, derivatives, warrants or other securities convertible into the Shares or other types of equity interest in the Company during the Relevant Period;
- (b) none of the Company nor any of the Directors was interested in any shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of any shares of the Offeror, and no such person had dealt in the shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of any shares of the Offeror during the Relevant Period;
- (c) none of the subsidiaries of the Company or pension fund of the Company or of a subsidiary of the Company or a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” or an associate of the Company by virtue of class (2) of the definition of “associate” in the Takeovers Code owned or controlled any Shares, convertible securities, warrants, options or derivatives of the Company, and save for the dealing in Shares for non-discretionary clients of BOCOM Securities, no other person had dealt in the Shares or any convertible securities, warrants, options or derivatives in respect of any Shares during the Relevant Period;

- (d) save for and except the Irrevocable Undertakings, no persons had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” or who is an associate of the Company by virtue of classes (2), (3) or (4) of the definition of “associate” under the Takeovers Code, and no such person had dealt in the Shares or any convertible securities, warrants, options or derivatives in respect of any Shares during the Relevant Period;
- (e) no Shares, convertible securities, warrants, options or derivatives of the Company were managed on a discretionary basis by fund managers (other than exempt fund managers, if any) connected with the Company, and no such person had dealt in the Shares or any convertible securities, warrants, options or derivatives in respect of any Shares during the Relevant Period;
- (f) (i) each of Ms. Zhang Jing (holder of 137,200 Shares and 3,566,800 Options), Mr. Yan Hao (holder of 3,300,000 Options), Ms. Huang Lilan (holder of 2,000,000 Options) and Mr. Yang Xianfeng (holder of 5,166,800 Options) has given the Irrevocable Undertakings pursuant to which they have irrevocably undertaken not to accept the Share Offer or the Option Offer, (ii) Mr. Lin Sen, an independent non-executive Director who held 400,000 Options, intended to reject the Option Offer; and (iii) Mr. Huang Jian, an independent non-executive Director who held 200,000 Options, intended to reject the Option Offer; Save as disclosed, none of the Directors was interested in any shares of the Company or any convertible securities, warrants, options or derivatives in respect of any shares of the Company;
- (g) none of the Company or the Directors had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in respect of any Shares;
- (h) save for the Offeror’s Covenants Relating to Share Options, no arrangement was in place for any benefit (other than statutory compensation) to be given to any Director as compensation for loss of office or otherwise in connection with the Offers;
- (i) save for and except the Irrevocable Undertakings, the proposed changes to the Board composition as set out in the Section headed “Proposed change to the Board composition of the Company” in the “Letter from Lego Securities” in this Composite Document, the Share Purchase Agreement and the Offeror’s Covenants Relating to Share Options, there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Offers or otherwise connected with the Offers; and
- (j) save for and except the Share Purchase Agreement, there was no material contracts entered into by the Offeror in which any Director has a material personal interest.



## 6. DIRECTORS' SERVICE CONTRACTS

Save as disclosed below, as at the Latest Practicable Date, none of the Directors had any service contracts with any member of the Group or the associated companies of the Company in force which:

- (i) (including both continuous and fixed term contracts) had been entered into or amended within six months prior to the commencement of the Offer Period;
- (ii) were continuous contracts with a notice period of 12 months or more; or
- (iii) were fixed term contracts with more than 12 months to run irrespective of the notice period.

Name of Director	Position	Term of service contract	Amount of remuneration
Mr. Yan Hao	Chief Executive Officer	1 September 2020 to 31 August 2023	HK\$1,500,000 per annum, with discretionary bonus payment in such amount and payable at such time as shall be determined by the Board and the remuneration committee in absolute discretion
	Executive Director	1 September 2020 to 31 August 2023	HK\$250,000 per annum
Ms. Huang Lilan	Chief Finance Officer	3 November 2020 to 2 November 2023	HK\$250,008 per annum, with discretionary bonus payment in such amount and payable at such time as shall be determined by the Board and the remuneration committee in absolute discretion
	Executive Director	23 March 2021 to 22 March 2024	HK\$250,000 per annum

## 7. QUALIFICATION AND CONSENT OF THE EXPERT

In addition to the Offeror's experts listed in the section headed "5. Qualifications and consents of experts" in Appendix II to this Composite Document, the following are the qualifications of the experts who have given opinions or advice which are contained or referred to in this Composite Document:

Name	Qualification
VMS Securities	a corporation licensed by the SFC to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the Independent Financial Advisers to the Independent Board Committee in connection with the Offers

As at the Latest Practicable Date, VMS Securities did not have any shareholding, direct or indirect, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any direct or indirect interest in any assets which had been, since 31 December 2021, being the date of the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

VMS Securities has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter or advice and/or references to its name in the form and context in which they appear respectively.

## 8. LITIGATION

As at the Latest Practicable Date, none of the Company and its subsidiaries was engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance was pending or threatened by or against the Company or any other member of the Group.

## 9. MATERIAL CONTRACTS

Save as disclosed below, there were no contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by any member of the Group) which have been entered into by any members of the Group within the two years immediately preceding the date of commencement of the Offer Period up to and including the Latest Practicable Date, which are or may be material:

- (i) the placing agreement dated 24 September 2020 entered into between the Company and Founder Securities (Hong Kong) Limited, as a placing agent in relation to the conditional placement of up to 63,168,000 Shares, on a best-effort basis, to not less than six independent places at the placing price of HK\$0.26 per Share;
- (ii) the repurchase agreement dated 12 January 2021 entered into between Interactive Lab Limited, a wholly-owned subsidiary of the Company, and Bee Computing (HK) Limited, an independent third party to the Company except for its then interests in Happy Technology Limited in relation to the repurchase of shares of Happy Technology held by Interactive Lab Limited by Bee Computing (HK) Limited at the total repurchase price in the amount of US\$2 million;
- (iii) the subscription agreement dated 28 January 2021 entered into between the Company and the Vendor in relation to the conditional subscription of an aggregate of 169,354,839 new Shares by the Vendor at the subscription price of HK\$0.62 per subscription share;
- (iv) the acquisition agreement dated 28 January 2021 entered into among Loto Interactive Information Technology (Shenzhen) Limited, a wholly-owned subsidiary of the Company and as the purchaser, and Shenzhen Chengyou Technology Co., Ltd. and Mr. Guo Xiaoquan, as the sellers, in relation to the conditional acquisition of the 49% equity interests in Ganzi Changhe Hydropower Consumption Service Co., Ltd. at a total consideration of RMB88.2 million;
- (v) the shareholders' agreement dated 6 September 2021 entered into between Brighten Express Limited, a wholly-owned subsidiary of the Company, and LLY Agro-Energy, an independent third party to the Company, in relation to the formation of a joint venture company (the **"Shareholders Agreement"**);

- (vi) the supplemental agreement dated 28 September 2021 entered into among Brighten Express Limited, a wholly-owned subsidiary of the Company, Capital Management LLP, an independent third party to the Company and LLY Agro-Energy, an independent third party to the Company, to the Shareholders Agreement, pursuant to which Capital Management LLP agreed to assume all the obligations and liabilities of LLY Agro-Energy under the Shareholders Agreement, and LLY Agro-Energy agreed to assign all its rights, benefits and interests in the Shareholders Agreement to Capital Management LLP; and
- (vii) the supplemental agreement dated 1 April 2022 entered into among Might Winner Limited, an indirect wholly-owned subsidiary of the Company and as the lender, Bright Topper Limited, an independent third party to the Company and as the borrower, and Ms. Li Xue, as the guarantor, to a loan agreement dated 3 April 2020 entered into among such parties in relation to the extension of a loan in the principal amount of HK\$30,000,000 for 24 months.

**10. MISCELLANEOUS**

As at the Latest Practicable Date:

- (i) the registered office of the Company was situated at P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands; and the principal place of business of the Company in Hong Kong was situated at Units 813 and 815, Level 8, Core F, Cyberport 3, 100 Cyberport Road, Hong Kong.
- (ii) the branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (iii) the registered office of BOCOM (Asia) was situated at 9/F, Man Yee Building, 68 Des Voeux Road Central, Hong Kong.
- (iv) the registered office of VMS Securities was situated at 49/F, One Exchange Square, 8 Connaught Place, Central, Hong Kong.
- (v) in case of any inconsistency, the English texts of this Composite Document and the Forms of Acceptance shall prevail over the Chinese texts.

**11. DOCUMENTS AVAILABLE FOR INSPECTION**

In addition to the documents relating to the Offeror as set out in the section headed “7. Documents available for inspection” of Appendix III to this Composite Document, copies of the following documents are available for inspection (i) on the website of the SFC ([www.sfc.hk](http://www.sfc.hk)); (ii) on the website of the Company ([www.lotoie.com](http://www.lotoie.com)); and (iii) during normal business hours from 9:30 a.m. to 5:30 p.m., from Monday to Friday, other than Hong Kong public holidays, at the head office and principal place of business of the Company, at Units 813 & 815, Level 8, Core F, Cyberport 3, 100 Cyberport Road, Hong Kong from the date of this Composite Document onwards for as long as the Offers remain open for acceptance:

- (i) the amended and restated memorandum and articles of association of the Company;
- (ii) the 2022 Interim Report, the 2019 Annual Report, the 2020 Annual Report and the 2021 Annual Report;
- (iii) the “Letter from the Board”, the text of which is set out in this Composite Document;
- (iv) the “Letter from the Independent Board Committee”, the text of which is set out in this Composite Document;
- (v) the “Letter from the Independent Financial Adviser”, the text of which is set out in this Composite Document;
- (vi) the Directors’ Service Contracts referred to in the section headed “6. Directors’ Service Contracts” in this appendix;
- (vii) the written consent referred to in the section headed “7. Qualification and consent of the expert” of this appendix;
- (viii) each material contract referred to in the section headed “9. Material contracts” of this appendix;
- (ix) the Irrevocable Undertakings and
- (x) this Composite Document and the accompanying Forms of Acceptance.