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China LotSynergy Holdings Limited

華彩控股有限公司\*

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 1371)

## **DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL OF A PROPERTY**

### **THE DISPOSAL**

The Board announces that on 18 June 2020 (after trading hours), the Vendor, entered into the Provisional SP Agreement with the Purchaser. In accordance with the Provisional SP Agreement, the Vendor agreed to sell and the Purchaser agreed to purchase the Property for a consideration of HK\$44,380,000. The Vendor and the Purchaser will enter into a Formal SP Agreement for the sale and purchase of the Property on or before 3 July 2020. Completion is scheduled to take place on or before 18 August 2020.

### **GENERAL**

As one of the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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## THE PROVISIONAL SP AGREEMENT

Date : 18 June 2020

Vendor : The Vendor

Purchaser : The Purchaser

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Purchaser is an Independent Third Party.

Asset to be disposed of : Pursuant to the Provisional SP Agreement, the Vendor agreed to sell and the Purchaser agreed to purchase the Property for the Consideration.

A loan facility in the amount of HK\$23,000,000, which was obtained from a bank for the purpose of financing the general working capital of the Group, is secured by a charge over the Property. The outstanding principal amount under the said loan facility secured by the Property is HK\$23,000,000 as at the date of this announcement. The said loan facility shall be fully repaid upon Completion.

Consideration : HK\$44,380,000

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to the recent transactions of similar types of properties in the market.

Terms of payment : The Consideration has been paid/shall be payable by the Purchaser in the following manner:

(a) a sum of HK\$2,219,000 as an initial deposit has been paid by the Purchaser to the Vendor upon the signing of the Provisional SP Agreement;

(b) a sum of HK\$4,438,000 as a further deposit will be paid by the Purchaser to the Vendor upon the execution of the Formal SP Agreement, which is expected to be entered into on or before 3 July 2020; and

(c) the balance payment of the Consideration in the sum of HK\$37,723,000 will be paid by the Purchaser to the Vendor upon Completion.

Completion : Completion of the Disposal is expected to take place on or before 18 August 2020.

## **INFORMATION ON THE GROUP**

The Group is engaged in the provision of technology and operation services for lottery systems, terminal equipment and gaming products in the China's lottery market. The principal businesses of the Group cover various lottery products ranging from video lottery, computer-generated ticket games and KENO-type lottery to new media lottery, and continue to explore and develop other potential businesses, including natural & healthy food business and trading business.

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

The unaudited book value of the Property was HK\$39,000,000 as at 1 June 2020, by reference to the market values as stated in the relevant valuation reports issued by an independent valuer. The Board believes that the Disposal represents a good opportunity for the Group to realise the value of the Property at a reasonable price and the proceeds from the Disposal will improve the liquidity and financial position and increase the general working capital of the Group.

The terms of the Provisional SP Agreement were arrived at by the Vendor and the Purchaser after arm's length negotiations and were on normal commercial terms between the parties. The Directors consider that the terms of the Provisional SP Agreement are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

## **FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS**

The net proceeds arising from the Disposal of approximately HK\$20,680,000 (after repayment of outstanding bank loan and discharging the charge over the Property of HK\$23,000,000 and other expenses in relation to the Disposal) will be used for general working capital of the Group.

Based on, inter alia, the Consideration, the unaudited book value of the Property as at 1 June 2020, and the related expenses for the Disposal, the Group currently expects to record a gain on Disposal of approximately HK\$4,680,000 upon Completion.

## **GENERAL**

As one of the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

In this announcement, the following terms shall have the meanings ascribed to them below unless the context otherwise requires:

“Board”	the board of Directors
“Company”	China LotSynergy Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Disposal
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Consideration”	the consideration of HK\$44,380,000 for the Disposal
“Director(s)”	the director(s) of the Company
“Disposal”	the sale of the Property contemplated under the Provisional SP Agreement
“Formal SP Agreement”	the formal agreement for sale and purchase to be entered into between the Vendor and the Purchaser in relation to the Disposal
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	a party who is independent of the Company and its connected person(s)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“Property”	Unit A, 28th Floor, The Altitude, No. 20 Shan Kwong Road, Hong Kong together with Car Parking Spaces No. C-30. It has a gross floor area of approximately 1,923 square feet

“Provisional SP Agreement”	the provisional agreement for sale and purchase dated 18 June 2020 entered into between the Vendor and the Purchaser in relation to the Disposal
“Purchaser”	Ms. CHAN Kam Chi, as an individual purchaser
“Share(s)”	the ordinary share(s) of HK\$0.025 (each) in the issued share capital of the Company
“Shareholder(s)”	registered holders of the Share(s)
“Stock Exchange	The Stock Exchange of Hong Kong Limited
“Vendor”	WIDE PERFECT LIMITED, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company, which is principally engaged in investment holding

By order of the Board  
**China LotSynergy Holdings Limited**  
**CHAN Tan Na, Donna**  
*Chairperson of the Board*

Hong Kong, 18 June 2020

As at the date of this announcement, the Board comprises Ms. CHAN Tan Na, Donna, Mr. WU Jingwei, Mr. LI Zi Kui and Ms. ZHU Xinxin as Executive Directors; and Mr. HUANG Shenglan, Mr. CHAN Ming Fai and Mr. CUI Shuming as Independent Non-executive Directors.

*\* For identification purposes only*