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Loto Interactive Limited

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

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**”) of Loto Interactive Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

The board (the “**Board**”) of directors (the “**Directors**”) of Loto Interactive Limited (the “**Company**”) announces the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2020 (the “**Year**”), together with the comparative figures for the corresponding year in 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	<i>Notes</i>	2020 HK\$’000	2019 <i>HK\$’000</i>
REVENUE	3	382,955	64,556
Cost of sales and service rendered		<u>(342,213)</u>	<u>(51,237)</u>
Gross profit		40,742	13,319
Interest income		444	8,045
Other income and gains		1,773	4,705
Selling expenses		(105)	(1,098)
Administrative expenses		(75,178)	(46,819)
Impairment of trade and other receivables		(1,905)	–
Other expenses		(4,568)	(2,344)
Share of losses of associates		(1,112)	(9,415)
Finance costs		<u>(448)</u>	<u>(1,269)</u>
LOSS BEFORE TAX		(40,357)	(34,876)
Income tax (expense)/credit	4	<u>(2,898)</u>	<u>105</u>
LOSS FOR THE YEAR	5	<u>(43,255)</u>	<u>(34,771)</u>
OTHER COMPREHENSIVE INCOME			
Other comprehensive income/(loss) for the year, net of tax:			
Items that will not be reclassified to profit or loss:			
Fair value changes of equity investments at fair value through other comprehensive income		<u>(83)</u>	<u>(12,696)</u>
		<u>(83)</u>	<u>(12,696)</u>

	2020	2019
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	<u>16,727</u>	<u>1,572</u>
	<u>16,727</u>	<u>1,572</u>
OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR, NET OF TAX	<u>16,644</u>	<u>(11,124)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u><u>(26,611)</u></u>	<u><u>(45,895)</u></u>
(LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO:		
Owners of the Company	(46,767)	(33,618)
Non-controlling interests	<u>3,512</u>	<u>(1,153)</u>
	<u><u>(43,255)</u></u>	<u><u>(34,771)</u></u>
TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE YEAR ATTRIBUTABLE TO:		
Owners of the Company	(31,261)	(44,678)
Non-controlling interests	<u>4,650</u>	<u>(1,217)</u>
	<u><u>(26,611)</u></u>	<u><u>(45,895)</u></u>
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (<i>HK cents</i>)		
– Basic and diluted (Restated)	<u><u>(14.16)</u></u>	<u><u>(10.66)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

		2020	2019
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		263,269	164,520
Right-of-use assets		6,409	4,537
Goodwill		11,703	10,996
Intangible assets		–	5,655
Investments in associates		2,431	3,384
Investment in a joint venture		–	–
Equity investments at fair value through other comprehensive income		5,057	5,140
Loan receivables		30,000	–
		318,869	194,232
CURRENT ASSETS			
Loan receivables		–	60,881
Trade receivables	8	8,400	19,949
Prepayments, deposits and other receivables	9	83,018	41,823
Cash and cash equivalents		44,252	95,030
		135,670	217,683
CURRENT LIABILITIES			
Trade payables	10	4,611	24,300
Accruals and other payables	11	25,734	24,720
Lease liabilities		3,360	3,747
Amount due to holding company		–	1
Amount due to a related company		467	11,380
Tax payable		7,421	3,297
		41,593	67,445
NET CURRENT ASSETS		94,077	150,238
TOTAL ASSETS LESS CURRENT LIABILITIES		412,946	344,470

		2020	2019
	Notes	HK\$'000	HK\$'000
NON-CURRENT LIABILITIES			
Lease liabilities		3,236	692
Deferred tax liabilities		—	1,031
		<u>3,236</u>	<u>1,723</u>
NET ASSETS		<u>409,710</u>	<u>342,747</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	12	37,902	31,586
Reserves		<u>280,764</u>	<u>298,285</u>
		318,666	329,871
Non-controlling interests		<u>91,044</u>	<u>12,876</u>
TOTAL EQUITY		<u>409,710</u>	<u>342,747</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Attributable to owners of the Company									
		Share-based				Equity			Non-	
	Issued capital	Share	payment	Other	Exchange	investment	Accumulated	Total	controlling	Total equity
	HK\$'000	premium [#]	reserve [#]	reserve** [#]	reserve [#]	revaluation	losses [#]	HK\$'000	interests	HK\$'000
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	reserve [#]	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2019	31,459	327,928	12,598	(5,255)	2,056	126	(4,039)	364,873	6,279	371,152
Loss for the year	-	-	-	-	-	-	(33,618)	(33,618)	(1,153)	(34,771)
Other comprehensive income/(loss) for the year	-	-	-	-	1,636	(12,696)	-	(11,060)	(64)	(11,124)
Total comprehensive income/(loss) for the year	-	-	-	-	1,636	(12,696)	(33,618)	(44,678)	(1,217)	(45,895)
Issue of ordinary shares upon exercise of share options	127	1,266	-	-	-	-	-	1,393	-	1,393
Equity-settled share-based payment expense	-	-	8,283	-	-	-	-	8,283	-	8,283
Non-controlling interests arising from establishment of a new subsidiary	-	-	-	-	-	-	-	-	7,814	7,814
At 31 December 2019	31,586	329,194	20,881	(5,255)	3,692	(12,570)	(37,657)	329,871	12,876	342,747
At 1 January 2020	31,586	329,194	20,881	(5,255)	3,692	(12,570)	(37,657)	329,871	12,876	342,747
(Loss)/Profit for the year	-	-	-	-	-	-	(46,767)	(46,767)	3,512	(43,255)
Other comprehensive income/(loss) for the year	-	-	-	-	15,589	(83)	-	15,506	1,138	16,644
Total comprehensive income/(loss) for the year	-	-	-	-	15,589	(83)	(46,767)	(31,261)	4,650	(26,611)
Issue of shares on placement	6,316	9,712	-	-	-	-	-	16,028	-	16,028
Equity-settled share-based payment expense	-	-	4,028	-	-	-	-	4,028	-	4,028
Cancellation of share option scheme	-	-	(15,539)	-	-	-	15,539	-	-	-
Non-controlling interests arising from increase in paid-up capital	-	-	-	-	-	-	-	-	78,895	78,895
Loss on deregistration of subsidiaries	-	-	-	-	-	-	-	-	(5,377)	(5,377)
At 31 December 2020	37,902	338,906	9,370	(5,255)	19,281	(12,653)	(68,885)	318,666	91,044	409,710

* Other reserve represents the difference between the adjustment to non-controlling interests and the consideration paid arising in equity transactions.

These reserve accounts comprise the consolidated reserves in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. GENERAL INFORMATION

The Company is a public limited company incorporated in the Cayman Islands and its shares have been listed on the Growth Enterprise Market (“**GEM**”) of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 17 May 2002. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

The Company is an investment holding company. Its subsidiaries are principally engaged in big data centre services, online game business in the People’s Republic of China (the “**PRC**”) and money lending business in Hong Kong.

In the opinion of the Directors of the Company, as at 31 December 2020, the substantial shareholder of the Company is 500.com Limited (the “**Holding Company**”), which is incorporated in Cayman Islands and listed on the New York Stock Exchange (Stock Code: WBAI).

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) that are relevant to its operations and effective for its accounting year beginning on 1 January 2020. HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group’s accounting policies and amounts reported for the current year and prior years.

3. REVENUE AND OPERATING SEGMENT INFORMATION

(a) Reportable segments

The chief operating decision-maker has been identified as the Board of Directors. The Board of Directors reviews the Group’s internal reporting in order to assess performance and allocate resources. The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

The Group has three (2019: four) reportable segments. The segments are managed separately as each business segment offers different products and requires different business strategies. The following summary describes the operations in each of the Group’s reportable segments:

- Provision of big data centre services (“**Big Data Centre Services**”)
- Distribution of mobile gaming (“**Online Game Business**”)
- Money lending business (“**Money Lending Business**”)
- Trading of lottery terminals and parts and provision of services and solutions for the distribution of lottery products (“**Lottery Business**”)[#]

[#] In the opinion of the Directors, Lottery Business was no longer a reportable segment of the Group in 2020 since both the performance and the resources allocated were minimal to the Group.

Segment profits or losses do not include dividend income, and gains or losses from investments and derivative instruments. Segment assets do not include amounts due from related parties, investments and derivative instruments. Segment liabilities do not include convertible loans and derivative instruments. Segment non-current assets do not include financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

(i) Information about reportable segment profit or loss, assets and liabilities:

Year ended	Big Data Centre Services <i>HK\$'000</i>	Online Game Business <i>HK\$'000</i>	Money Lending Business <i>HK\$'000</i>	Total <i>HK\$'000</i>
31 December 2020				
Revenue from external customers	379,658	1,017	2,250	382,925
Segment loss	(4,766)	(982)	(203)	(5,951)
Depreciation	39,087	49	–	39,136
Additions to segment non-current assets	121,661	–	–	121,661
As at 31 December 2020				
Segment assets	350,053	756	32,258	383,067
Segment liabilities	<u>(29,310)</u>	<u>(2,085)</u>	<u>–</u>	<u>(31,395)</u>

Year ended	Big Data Centre Services <i>HK\$'000</i>	Online Game Business <i>HK\$'000</i>	Money Lending Business <i>HK\$'000</i>	Lottery Business <i>HK\$'000</i>	Total <i>HK\$'000</i>
31 December 2019					
Revenue from external customers	62,425	2,020	–	111	64,556
Segment profit/(loss)	6,637	(1,571)	(45)	(2,593)	2,428
Depreciation	11,641	59	–	4	11,704
Additions to segment non-current assets	175,383	–	–	188	175,571
As at 31 December 2019					
Segment assets	286,668	673	1,460	4,216	293,017
Segment liabilities	(56,206)	(933)	–	(936)	(58,075)

(ii) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue		
Total revenue of reportable segments	382,925	64,556
Other revenue	<u>30</u>	<u>–</u>
Consolidated revenue	<u><u>382,955</u></u>	<u><u>64,556</u></u>
Profit or loss		
Total (loss)/profit of reportable segment	(5,951)	2,428
Other (loss)/income	(2,866)	2,087
Unallocated amounts:		
Share of losses of associates	(1,112)	(9,415)
Equity-settled share-based payment expense	(4,028)	(8,283)
Salaries and other benefits	(14,046)	(11,139)
Depreciation	(2,544)	(2,653)
Depreciation charge of right-of-use assets	(4,641)	(4,599)
Legal and consultation fee	(2,264)	(2,302)
Impairment of trade receivables	(837)	–
Impairment of other receivables	(1,068)	–
Donation	<u>(1,000)</u>	<u>(1,000)</u>
Consolidated loss before tax for the year	<u><u>(40,357)</u></u>	<u><u>(34,876)</u></u>
Assets		
Total assets of reportable segments	383,067	293,017
Other assets	17,597	8,102
Unallocated amounts:		
Property, plant and equipment	4,837	3,579
Right-of-use assets	5,497	3,258
Investments in associates	2,431	3,384
Equity investments at fair value through other comprehensive income	5,057	5,140
Cash and cash equivalents	19,866	44,977
Prepayments	16,187	740
Loan receivables	<u>–</u>	<u>49,718</u>
Consolidated total assets	<u><u>454,539</u></u>	<u><u>411,915</u></u>
Liabilities		
Total liabilities of reportable segments	(31,395)	(58,075)
Other liabilities	(2,078)	(2,136)
Unallocated amounts:		
Amount due to a shareholder of a joint venture	(2,334)	(2,334)
Tax payable	(3,278)	(3,278)
Lease liabilities	<u>(5,744)</u>	<u>(3,345)</u>
Consolidated total liabilities	<u><u>(44,829)</u></u>	<u><u>(69,168)</u></u>

(b) Geographical information

The Group's operations are carried out in the PRC and revenue from external customers based on the location of goods and services delivered is derived from the PRC.

The following is an analysis of the non-current assets, analysed by the geographical area in which the assets are located:

	2020 HK\$'000	2019 HK\$'000
Non-current assets, excluding financial assets		
The PRC except Hong Kong	273,479	182,255
Hong Kong	10,318	6,812
British Virgin Island ("BVI")	15	25
	<u>283,812</u>	<u>189,092</u>

(c) Information about major customers

Revenue from major customers, each of whom amounted to 10% or more of the total revenue, is set out below:

	2020 HK\$'000	2019 HK\$'000
Customer A	73,407	N/A [#]
Customer B	63,167	N/A [#]
Customer C	56,243	21,250
Customer D	42,455	N/A [#]
Customer E	N/A*	11,624
Customer F	N/A*	7,889
	<u>235,272</u>	<u>40,763</u>

All the revenue are generated from Big Data Centre Services segment.

[#] Revenue from customer A, B and D were less than 10% of the Group's revenue for the year ended 31 December 2019.

^{*} Revenue from customer E and F were less than 10% of the Group's revenue for the year ended 31 December 2020.

(d) **Disaggregation of revenue from contracts with customers:**

Segments	Big Data Centre Services HK\$'000	Online Game Business HK\$'000	Lottery Business HK\$'000	2020 Total HK\$'000
Geographical markets				
The PRC	<u>379,658</u>	<u>1,017</u>	<u>30</u>	<u>380,705</u>
Major products/service				
Provision of big data centre services	379,658	–	–	379,658
Distribution of mobile gaming	–	1,017	–	1,017
Provision of services and solutions for the distribution of lottery products	<u>–</u>	<u>–</u>	<u>30</u>	<u>30</u>
	<u>379,658</u>	<u>1,017</u>	<u>30</u>	<u>380,705</u>
Timing of revenue recognition				
At a point in time	–	1,017	30	1,047
Over time	<u>379,658</u>	<u>–</u>	<u>–</u>	<u>379,658</u>
	<u>379,658</u>	<u>1,017</u>	<u>30</u>	<u>380,705</u>
Segments	Big Data Centre Services HK\$'000	Online Game Business HK\$'000	Lottery Business HK\$'000	2019 Total HK\$'000
Geographical markets				
The PRC	<u>62,425</u>	<u>2,020</u>	<u>111</u>	<u>64,556</u>
Major products/service				
Provision of big data centre services	62,425	–	–	62,425
Distribution of mobile gaming	–	2,020	–	2,020
Provision of services and solutions for the distribution of lottery products	<u>–</u>	<u>–</u>	<u>111</u>	<u>111</u>
	<u>62,425</u>	<u>2,020</u>	<u>111</u>	<u>64,556</u>
Timing of revenue recognition				
At a point in time	–	2,020	111	2,131
Over time	<u>62,425</u>	<u>–</u>	<u>–</u>	<u>62,425</u>
	<u>62,425</u>	<u>2,020</u>	<u>111</u>	<u>64,556</u>

Big Data Centre Services

The Group operates big data centres (the “**Big Data Centres**”) in People’s Republic of China, providing data analysis, storage services and ancillary administrative and consulting services.

Revenue generated from the Big Data Centres consists of services fees and/or rental income charged on the users for provision of big data centre services and use of storage places.

Services income is rendered and there is no unfulfilled obligation that could affect the customer’s acceptance of the service.

Online Game Business

The Group is in cooperation with various reputable companies in the online game industry to distribute online mobile games.

Revenue is recognised when the control of the goods is transferred to a customers.

Lottery business

The Group sells lottery terminals and parts to the customers. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer’s acceptance of the products and the customer has obtained legal titles to the products.

Sales to customers are normally made with credit terms of 60 days. For new customers, deposits or cash on delivery may be required. Deposits received are recognised as a contract liability.

A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

4. INCOME TAX

No provision for Hong Kong profits tax has been made as the Hong Kong subsidiaries did not generate any assessable profits arising in Hong Kong during the year (2019: Nil).

Pursuant to the PRC Corporate Income Tax Law effective on 1 January 2008, the PRC subsidiaries are subject to corporate income tax (“**CIT**”) at a statutory rate of 25% (2019: 25%) on their respective taxable income for the year ended 31 December 2020. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

	2020 HK\$’000	2019 HK\$’000
Current – Mainland China		
Charge for the year	3,937	19
Deferred tax	(1,039)	(124)
Total tax expense/(credit) for the year	<u>2,898</u>	<u>(105)</u>

The reconciliation between the income tax expense/(credit) and the product of profit before tax multiplied by the statutory rates for the countries (or jurisdictions) is as follows:

	2020 HK\$'000	2019 HK\$'000
Loss before tax	(40,357)	(34,876)
Tax at the weighted average tax rate of 16.5% to 25% (2019: 16.5% to 25%)	(6,586)	(6,118)
One-off tax deduction	–	(75)
Loss attributable to a joint venture and associates	278	2,354
Tax effect of income that is not taxable	(875)	(2,325)
Tax effect of expenses that are not deductible	2,241	1,627
Tax effect of tax losses not recognised	7,840	4,432
Income tax expense/(credit)	2,898	(105)

At 31 December 2020, the Group had unused tax losses of HK\$312,258,000 (2019: HK\$267,546,000) available to offset against future taxable profits. No deferred tax asset has been recognised in respect of unused tax losses due to the unpredictability of future profit streams.

Included in unrecognised tax losses are losses of HK\$42,586,000 (2019: HK\$53,494,000) that are allowed to be carried forward and utilised against the taxable income of subsequent years. The loss carry forward period cannot exceed 5 years and expires between 2021 and 2025. Other losses of HK\$269,672,000 (2019: HK\$214,052,000) may be carried forward indefinitely.

At 31 December 2020, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiary established in Mainland China. In the opinion of the Directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

5. LOSS FOR THE YEAR

The Group's loss for the year is arrived at after charging/(crediting):

	2020 HK\$'000	2019 HK\$'000
Auditors' remuneration	720	650
Cost of sales and service rendered	342,213	51,237
Staff costs (including directors' remuneration):		
Salaries and other benefits	27,271	14,363
Bonus	1,851	904
Pension scheme contributions	522	742
Equity-settled share option expense	4,028	8,283
	33,672	24,292

	2020 HK\$'000	2019 HK\$'000
Depreciation (included in cost of sales and service rendered)	38,513	11,427
Depreciation	3,167	2,930
Depreciation charge of right-of-use assets	5,257	4,838
Loss on disposal of items of property, plant and equipment	–	19
Net exchange losses/(gains)	1,339	(1,098)
Impairment of investments in associates	1,047	–
Impairment of trade receivables	837	–
Impairment of other receivables	1,068	–
	<u>1,068</u>	<u>–</u>

6. DIVIDEND

The Directors do not recommend the payment of any dividend for each of the years ended 31 December 2020 and 2019.

7. LOSS PER SHARE

The calculation of the basic earnings per share amount is based on the loss for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares of approximately 330,357,000 (2019: 315,513,000 (Restated)) in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the year ended 31 December 2020 and 2019 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

The calculation of the basic and diluted earnings per share is based on the following:

	2020 HK\$'000	2019 HK\$'000
Loss		
Loss for the purpose of calculating basic and diluted earnings per share	<u>(46,767)</u>	<u>(33,618)</u>
	2020 '000	2019 '000 (Restated)
Number of shares		
Weighted average number of ordinary shares in issue during the year for the purposes of the basic and diluted loss per share	<u>330,357</u>	<u>315,513</u>

8. TRADE RECEIVABLES

	2020 HK\$'000	2019 HK\$'000
Trade receivables	9,237	19,949
Less: impairment of trade receivables	(837)	–
	8,400	19,949

An aging analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	2020 HK\$'000	2019 HK\$'000
Within 30 days	7,250	18,994
31 days to 90 days	1,124	117
91 days to 180 days	4	–
181 days to 365 days	17	1
Over 1 year	5	837
	8,400	19,949

Reconciliation of loss allowance for trade receivables:

	2020 HK\$'000	2019 HK\$'000
At 1 January	–	–
Increase in loss allowance for the year	837	–
At 31 December	837	–

The Group's trading terms with its customers are usually on credit, in some instances where payment in advance is required. The credit period is generally two months for two major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Current HK\$'000	Less than 1 month past due HK\$'000	1-3 months past due HK\$'000	3-6 months past due HK\$'000	6-12 months past due HK\$'000	Over 1 year past due HK\$'000	Total HK\$'000
At 31 December 2020							
Weighted average expected loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	100%	
Receivable amount	8,287	87	4	17	5	837	9,237
Loss allowance	–	–	–	–	–	837	837
At 31 December 2019							
Weighted average expected loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Receivable amount	18,906	88	117	–	1	837	19,949
Loss allowance	–	–	–	–	–	–	–

9. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	2020 HK\$'000	2019 HK\$'000
Other receivables		2,436	3,139
Other receivable from a shareholder of a subsidiary	(i)	15,549	–
Other tax assets		24,264	9,741
Interest receivables		–	3,186
Deposits for the construction in progress		–	11,163
Utility deposits		16,254	12,782
Other deposits		943	386
Prepayments	(ii)	24,640	1,426
		84,086	41,823
Impairment of other receivables		(1,068)	–
		83,018	41,823

Notes:

- (i) As of the report date, the balance was fully settled.
- (ii) As of the report date, the amount of approximately HK\$15,502,000 was refunded due to the cancellation of the purchase order.

The movement in the impairment of other receivables are as follows:

	2020 HK\$'000	2019 <i>HK\$'000</i>
At 1 January	–	–
Impairment losses recognised	<u>1,068</u>	<u>–</u>
At 31 December	<u><u>1,068</u></u>	<u><u>–</u></u>

10. TRADE PAYABLES

The aging analysis of trade payables, based on the date of receipt of goods, is as follows:

	2020 HK\$'000	2019 <i>HK\$'000</i>
Within 30 days	1,057	23,793
31 to 90 days	2,702	122
91 to 180 days	194	385
181 to 365 days	63	–
Over 1 year	<u>595</u>	<u>–</u>
	<u><u>4,611</u></u>	<u><u>24,300</u></u>

The average credit period on purchases of goods is 60 days.

11. ACCRUALS AND OTHER PAYABLES

	2020 HK\$'000	2019 <i>HK\$'000</i>
Other payables	3,697	3,423
Construction cost payables	5,025	–
Amount due to a shareholder of a joint venture	2,334	2,334
Deposit received from customers	12,091	17,996
Accruals	<u>2,587</u>	<u>967</u>
	<u><u>25,734</u></u>	<u><u>24,720</u></u>

12. SHARE CAPITAL

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Authorised:		
550,000,000 (2019: 550,000,000 (Restated)) ordinary shares of HK\$0.1 (2019: HK\$0.1 (Restated)) each	<u>55,000</u>	<u>55,000</u>

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Issued and fully paid:		
379,023,983 (2019: 315,859,983 (Restated)) ordinary shares of HK\$0.1 (2019: HK\$0.1 (Restated)) each	<u>37,902</u>	<u>31,586</u>

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share Capital <i>HK\$'000</i>
1 January 2019	3,145,935,836	31,459
Share options exercised (<i>Note (a)</i>)	<u>12,664,000</u>	<u>127</u>
At 31 December 2019 and 1 January 2020	<u>3,158,599,836</u>	<u>31,586</u>
Share consolidation (<i>Note (b)</i>)	(2,842,739,853)	–
Placing of new shares (<i>Note (c)</i>)	<u>63,164,000</u>	<u>6,316</u>
At 31 December 2020	<u>379,023,983</u>	<u>37,902</u>

Note:

- (a) In 2019, the subscription rights attaching to 12,664,000 share options were exercised at the subscription price of HK\$0.11 per share, resulting in the issue of 12,664,000 new shares of HK\$0.01 each, for a total cash consideration, before expenses, of approximately HK\$1,393,000.
- (b) A share consolidation has taken place on 28 May 2020 that every ten issued and unissued existing shares of HK\$0.01 each in the share capital of the Company has been consolidated into one consolidated share of HK\$0.1 each in the share capital of the Company.
- (c) A placing has taken place on 9 October 2020. A total of 63,164,000 placing shares have been placed at the placing price of HK\$0.26 per placing share. The gross proceeds and net proceeds from the placing amounted to approximately HK\$16,423,000 and HK\$16,028,000, respectively.

CHAIRMAN'S STATEMENT

TO OUR SHAREHOLDERS

On behalf of the Board, I hereby present the results of the Group for the Year.

The year 2020 was an extremely challenging year for the globe. In response to these challenges, the Group strived to seek steady progress with firm belief, continued to focus on the more promising business in big data centre services, and achieved remarkable results. In 2020, the Group's big data centre services contributed revenue of HK\$379.7 million, representing a year-on-year increase of HK\$317.2 million or 5.1 times as compared to last year.

As our third big data centre in Sichuan Province, the PRC, commenced operation in late June 2020, the Group's business of big data centre services was ushered into a new stage of development. With a gross area of over 18,000 square meters, our three big data centres have a total operation capacity of providing data analysis and storage services for up to 225,000 data processors at the same time. The big data centres maintain regulatory-compliant operation with proper qualifications and have established cooperative relationship with various local subsidiaries of a leading state-owned enterprise in the power energy business. Leveraging on our geographical location, favourable local policies, technological innovation and our advantages of power supply and electricity price, we have continuously expanded the customer base of big data centre services. We have attracted a steady stream of customers which are mainly engaged in cryptocurrency mining business and have been providing a full spectrum of services to our customers, including premises, hardware support, power supply, ancillary supervision and management services. Under the backdrop of the global development in the fin-tech industry and the continuous rise in Bitcoin price, it is expected that the customers' demand for our big data centre services will remain at a high level, and we therefore have full confidence in the prospect of our business.

With a proactive attitude of exploration and a spirit of continuous innovation, the Group is determined to make bold attempts and changes despite the uncertain economic environment and policies, thereby gradually transforming from lottery business to a diversified business group with a focus on the big data centre services. We are committed to providing quality customer services across our diversified business portfolio in order to maintain our market competitiveness. We believe that through professional operation and management, our business will continue to grow and ultimately maximise the long-term shareholders' value.

Despite the changes and uncertainties in the global market, we believe that we will be able to withstand the foreseeable risks with our business strengths. In addition, the Group will continuously monitor and assess the market conditions and make timely adjustment to its business plans and development strategies from a long-term perspective in order to respond to various challenges ahead and continue to explore and seize new development opportunities.

IN APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our sincere gratitude to our shareholders, customers and business partners for their continuing support and confidence in the Company. As to my fellow Board members, management team and all staff, I wish to express my heartfelt appreciation for their hard work and valuable contributions. Looking forward, we will continue to forge ahead by constantly exploring new growth drivers with concerted efforts and strive to achieve the goal of long-term and sustainable development.

Zhang Jing
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in (i) provision of data analysis and storage services (the “**Big Data Centre Services**”), (ii) distribution of mobile gaming (the “**Online Game Business**”) and (iii) money lending business in Hong Kong (the “**Money Lending Business**”).

Big Data Centre Services

The Group operates three big data centres in Sichuan, the People’s Republic of China (the “**PRC**”) to provide comprehensive services including premises, hardware support, power supply, ancillary supervision and management services to our clients.

The three big data centres of the Group, commenced business in March and June 2019 and June 2020, respectively, in aggregate have a gross area of over 18,000 square meters, with a total operation capacity of providing data analysis and storage services for up to 225,000 data processors at the same time.

The services provided by these big data centres to their customers cover a full range from monitoring the average utilisation rate and working status of data processors to supervising the overall safety and security of both physical environment and internet connection within the big data centres. Each customer is provided with a monthly report on operation results of its data processors. In the event of any unusual condition reported on the data processors, the relevant customer will receive an immediate notification and follow-up inspection and maintenance services will be provided by the Group upon request. In order to ensure full-load operation of the big data centres, the Group maintains regular communication with local utility services providers in respect of resources allocation and application for increase or decrease in supply of utility.

In addition, the Group has implemented a comprehensive management software (the “**Software**”) specifically for its big data centres. With the customised hardware installed in the big data centres, the Software provides integrated solutions for operation and maintenance management, financial management and resources allocation in cloud computing in the big data centres. The Software enables the clients to remotely monitor their data processors and obtain real-time information on the average computing capacity, CPU load and utilisation and operating time and to receive notification of unusual condition of their data processors. The Software effectively solves the common problems encountered in the operation and maintenance management of big data centres such as delayed information access, inefficient operation and maintenance, inability to quantify on-site work and inability to get access to on-site information anytime and anywhere.

During the Year, the big data centres generated revenue of approximately HK\$379.7 million and contributed 99.1% of the Group's revenue, representing a significant increase as compared to the corresponding period in 2019, which was primarily due to the commencement of operation of the third big data centre of the Group.

Online Game Business

In line with the Group's strategy for developing leisure and entertainment business, the Group engaged in the distribution of online mobile games and recorded revenue of approximately HK\$1.0 million for the Year, representing a decrease of approximately HK\$1.0 million as compared to the corresponding period in 2019. Despite of the decrease as compared to the corresponding period in 2019, the performance of the Group's online game business has shown a positive trend in the third quarter recovering from the influence of the outbreak of coronavirus in the PRC since the first quarter of 2020.

Money Lending Business

In order to leverage its corporate expertise and resources to broaden its income source, an indirect wholly-owned subsidiary of the Company, Might Winner Limited, obtained a money lender's license in January 2020. On 3 April 2020, a loan in the principal amount of HK\$30 million for a term of 24 months at an interest rate of 10% per annum, was granted to an independent third party, which contributed revenue of approximately HK\$2.3 million for the Year.

FINANCIAL REVIEW

The Group is engaged in three operating segments which are (1) Big Data Centre Services, (2) Online Game Business, and (3) Money Lending Business. The Group recorded a total revenue of approximately HK\$383.0 million during the Year (2019: HK\$64.6 million), representing a substantial increase of HK\$318.4 million or 4.9 times as compared to the corresponding period in 2019, which comprised the following:

(1) Big Data Centre Services

Revenue contributed by Big Data Centres Services in the provision of data analysis, storage services and ancillary administrative and consulting services amounted to HK\$379.7 million for the Year (2019: HK\$62.4 million).

(2) Online Game Business

Revenue generated from Online Game Business amounted to HK\$1.0 million for the Year, decreased by HK\$1.0 million as compared to the corresponding period in 2019. (2019: HK\$2.0 million).

(3) Money Lending Business

Revenue generated from Money Lending Business amounted to approximately HK\$2.3 million for the Year.

Operating Results

The Group recorded a loss of HK\$43.3 million for the Year, representing an increase of HK\$8.5 million as compared to the corresponding period in 2019 (2019: HK\$34.8 million), which was mainly attributable to the combined effect of:

- (i) increase in gross profit of approximately HK\$27.4 million for the Year as compared to the corresponding period in 2019 as a result of the commenced operation of the third big data centre;
- (ii) increase in operating expenses relating to staff cost, consulting expense, tax expense and rental expense, etc. of approximately HK\$25.4 million as compared to the corresponding period in 2019, which was mainly attributable to the expansion of Big Data Centre Services Business;
- (iii) decrease in interest income of approximately HK\$7.6 million, which was mainly due to the full repayment of outstanding loan receivables in February and April 2020; and
- (iv) increase in amortisation associated with acquired intangible assets of approximately HK\$4.6 million.

MATERIAL ACQUISITION AND DISPOSAL OF INVESTMENTS

Reference is made to the announcement of the Company dated 23 January 2020. A joint venture agreement was made between Interactive Lab Limited (a wholly-owned subsidiary of the Company) and Bee Computing (HK) Limited (“**JV Partner**”), pursuant to which Interactive Lab Limited and the JV Partner jointly established Happy Technology Limited (the “**JV Company**”) which was beneficially owned as to approximate 51% by Interactive Lab Limited and approximate 49% by the JV Partner.

Subsequent to the end of the Year, on 12 January 2021, Interactive Lab Limited and the JV Partner entered into a repurchase agreement, pursuant to which the JV Partner shall repurchase the 51% interest in the JV Company held by Interactive Lab Limited. For details, please refer to the paragraph headed “IMPORTANT EVENTS AFTER THE FINANCIAL YEAR” in this announcement.

ADDITION TO PROPERTY, PLANT AND EQUIPMENT

During the Year, the Company made a significant investment in the amount of approximately HK\$125.5 million mainly in relation to the construction of the third big data centre, which was completed in late June 2020. The third big data center has a gross area of 10,500 square metres, with a total operation capacity of providing data analysis and storage services for up to 136,000 data processors at the same time. As of 31 December 2020, the Group is of a net asset position with property, plant and equipment of HK\$263.3 million (representing an increase of HK\$98.8 million from HK\$164.5 million as of 31 December 2019).

LOAN RECEIVABLES

An indirect wholly-owned subsidiary of the Company, Might Winner Limited, obtained a money lender's license in January 2020. On 3 April 2020, the Group entered into a loan agreement (the “**Loan**”) with an independent third party, Bright Topper Limited (the “**Borrower**”), to extend a loan to the Borrower in the principal amount of HK\$30,000,000 at the interest rate of 10% per annum for a term of two years. Interests for the first 12 months shall be repaid in the first year and the principal amount and interests for remaining period shall be repaid on or before the maturity date. The repayment of the Loan was guaranteed by the director and the sole beneficial owner of the Borrower.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group continues to manage its balance sheet carefully and maintains conservative policies in cash and financial management. As at 31 December 2020, the Group's cash and bank balances (including bank deposits with original maturity over three months) amounted to HK\$44.3 million (2019: HK\$95.0 million), representing a decrease of HK\$50.7 million from last year. Of the cash and cash equivalents as at 31 December 2020, 45% (2019: 48%) was denominated in Renminbi, with the remaining balance in United States dollars and Hong Kong dollars.

The decrease in cash and bank balances was mainly due to (i) cash granted to a borrower under Money Lending Business amounted to HK\$30.0 million; (ii) capital contribution to the JV Company amounted to HK\$15.5 million; and (iii) prepayment of purchasing products from a connected party amounted to HK\$15.5 million which was offset by the cash flow generated from Big Data Centre Services.

The Group had no bank borrowings in 2020 (2019: Nil) and generally financed its operations with internal resources.

As at 31 December 2020, the Group's current assets exceeded its current liabilities by HK\$94.1 million (2019: HK\$150.2 million). The Group had a capital surplus of HK\$409.7 million as at 31 December 2020 (2019: HK\$342.7 million).

The gearing ratio of the Group (total borrowings divided by shareholders' funds) was nil as at 31 December 2020 (2019: 2.8%).

During the Year, the Company has allotted and issued a total of 63,164,000 ordinary shares (the **"Placing Shares"**) to not less than six placees at the placing price of HK\$0.26 per share. The gross proceeds and net proceeds from the placing amounted to approximately HK \$16,423,000 and HK\$16,028,000, respectively. The net proceeds were used for expanding the capital base for the big data centres operations.

The Placing Shares have an aggregate nominal value of HK\$6,316,400 and the market value of the Placing Shares was HK\$19,896,660. The net price of the Placing Shares was approximately HK\$0.25 per Placing Share.

As at 31 December 2020, approximately HK\$9.61 million of the net proceeds were applied in accordance with the planned use of proceeds. The unused proceeds of approximately HK\$6.42 million are intended to be used as previously disclosed by the Company in the year 2021. The Directors are not aware of any material change or delay in the use of proceeds.

For details, please refer to the announcements of the Company dated 24 September and 9 October 2020, respectively.

OUTLOOK

With our successful experiences in the operation and management of Big Data Centres, the Group expanded into the business of proprietary cryptocurrency mining and procured 4,000 data processors in February 2020. The data processors will be placed in our big data centres to mine cryptocurrencies ourselves. It is expected that the proprietary cryptocurrency mining business will generate profitable returns and contribute to our revenue in 2021.

The Company is committed to become the industry benchmark of big data centre services in terms of the scale, regulatory qualification, stability of power system, and environmental protection. We have entered into an agreement to acquire the remaining 49% interest in the third data centre in January 2021, following the completion of which, the third data centre will become wholly owned by the Company. The Company will further improve the efficiency of investment promotion, optimize the service content including but not limited to accelerate the development of other value-added services to attract more high-quality customers and strive to increase the capacity of the big data centres, which would bring more considerable revenue to the Group. We believe that, under the new environment, we shall actively seek changes, adhere to the spirit of innovation, and leverage our core experience and corporate resources to achieve long-term benefits for the Group and our shareholders.

CHARGES ON GROUP ASSETS

None of the Group's assets were pledged as of 31 December 2020 and 2019.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

As at 31 December 2020 and 2019, all assets and liabilities of the Group were denominated in Renminbi, Hong Kong dollars and United States dollars. Since the impact to foreign exchange exposure has been insignificant, no hedging or other alternatives have been implemented.

STAFF AND REMUNERATION POLICY

As at 31 December 2020, the Group had a total of 98 employees (2019: 90). For the year ended 31 December 2020, the Directors received total emoluments of approximately HK\$7.0 million (2019: HK\$9.2 million), including non-cash share-based payments to Directors of HK\$2.5 million in 2020 (2019: HK\$4.5 million). The Group continues to provide remuneration packages to employees that are in line with market practices and past performance. The Group also provides employee benefits such as mandatory provident fund, medical insurance, staff training programs and share option schemes.

CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

The Group's capital commitments at the end of the reporting period are as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Property, plant and equipment		
Contracted, but not provided for	<u>33</u>	<u>75,788</u>

As at 31 December 2020 and 2019, the Group did not have any significant contingent liabilities.

IMPORTANT EVENTS AFTER THE FINANCIAL YEAR

(a) Disposal of a non-wholly owned subsidiary

Reference is made to the announcement of the Company dated 12 January 2021. On 12 January 2021, Interactive Lab Limited (a wholly-owned subsidiary of the Company) and the JV Partner a substantial shareholder of the JV Company, entered into a repurchase agreement, pursuant to which the JV Partner shall repurchase the shares of the JV Company held by Interactive Lab Limited at the total repurchase price in the amount of US\$2 million (the “**Repurchase**”). As of the date of this announcement, the consideration for the Repurchase has been fully settled by the JV Partner and the JV Company has ceased to be a subsidiary of the Company.

(b) Issuance of subscription shares to 500.com Limited (“500.com”)

Subsequent the end of the Year, the Company and 500.com, the controlling shareholder of the Company, entered into a subscription agreement on 28 January 2021, pursuant to which 500.com has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue an aggregate of 169,354,839 ordinary shares of the Company at the subscription price of HK\$0.62 per share (the “**Subscription**”).

Details of the Subscription were set out in the Company’s announcements and circular dated 28 January 2021, 11 February 2021 and 11 March 2021 (the “**Announcements and Circular**”). As of the date of this announcement, the Subscription has yet been completed.

(c) Acquisition of the equity interest of Ganzi Changhe Hydropower Consumption Service Co., Ltd. (the “Target”)

Reference is made to the Announcements and Circular. On 28 January 2021, Loto Interactive Information Technology (Shenzhen) Limited (樂透互娛信息技術(深圳)有限公司) (the “**Purchaser**”), a wholly-owned subsidiary of the Company, and Shenzhen Chengyou Technology Co., Ltd. (深圳市誠佑科技有限公司) and Mr. Guo Xiaoquan (郭筱荃) (collectively, the “**Sellers**”) entered into an acquisition agreement, pursuant to which the Purchaser has conditionally agreed to purchase and the Sellers have conditionally agreed to sell an aggregate of 49% equity interest of the Target for a cash consideration of RMB88.2 million (the “**Acquisition**”). Completion of the Acquisition is conditional upon the satisfaction or waiver (as the case may be) of several conditions. As of the date of this announcement, the Acquisition has yet been completed.

(d) Entering into of the Services Framework Agreement

Reference is made to the announcement of the Company dated 24 March 2021. On 24 March 2021, the Target entered into a services framework agreement (the “**Services Framework Agreement**”) with Chongqing Yusheng Information Technology Co., Ltd. (重慶宇盛信息技術有限公司), an indirect wholly-owned subsidiary of 500.com (“**Chongqing Yusheng**”), pursuant to which the Target will provide storage and comprehensive big data centre services in respect of the data processors placed by Chongqing Yusheng in the big data centre operated by the Target.

CORPORATE GOVERNANCE

The Company recognises the importance of good corporate governance to safeguard the interest of the Company's shareholders (the **"Shareholders"**) and achieved these by an effective board, segregation of duties with clear accountability, sound internal controls, appropriate risk assessment procedures and transparency to all the Shareholders. Throughout the year ended 31 December 2020, the Company complied with all the Code Provisions of the Corporate Governance Code (the **"CG Code"**) set out in Appendix 15 to the GEM Listing Rules, save for the following:

Under the code provision C.1.2 of the CG Code, management should provide all members of the Board with monthly updates to enable the Board as a whole and each Director to discharge their duties. Although the management of the Company has not provided the Board with monthly updates, the Company has based on business situation, provided the Board, from time to time, with updated business information to enable the Board as a whole and each director to discharge their duties.

The Board will continue to review and monitor the corporate governance practices of the Company to ensure compliance with the CG Code and maintain high standard of corporate governance practices.

SECURITIES DEALINGS BY DIRECTORS AND EMPLOYEES

The Company has adopted its own code for dealing in the Company's securities by Directors and employees, who are likely to be in possession of inside information in relation to the securities of the Company (the **"Code of Securities Dealings"**) on terms no less exacting than the required standards set out in Rules 5.48 to 5.67 of the GEM Listing Rules. We have received confirmation from all Directors that they have complied with the required standards set out in the Code of Securities Dealings throughout the year of 2020.

AUDIT COMMITTEE

The Company has an audit committee, which was established for the purposes of reviewing and providing supervision over the Group's financial reporting process and overseeing the Group's risk management and internal controls. It also reviews the effectiveness of the audit process and risk evaluation. The audit committee comprises two independent non-executive Directors, namely Mr. Lin Sen (Chairman of the audit committee) and Dr. Lu Haitian, and one non-executive Director, namely Mr. Yuan Qiang.

The annual results and the audited consolidated financial statements of the Group for the year ended 31 December 2020 have been reviewed by the audit committee.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on Friday, 7 May 2021. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from Tuesday, 4 May 2021 to Friday, 7 May 2021 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the above annual general meeting, all transfer forms accompanied by relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Monday, 3 May 2021.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED ON THIS PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2020 as set out in the preliminary announcement have been agreed by the auditors, ZHONGHUI ANDA CPA Limited, to the amounts set out in the audited consolidated financial statements of the Group for the year ended 31 December 2020. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the Company's website at www.lotoie.com and the Stock Exchange's website at www.hkexnews.hk. The annual report 2020 will be available on the above websites and despatched to the Shareholders on or about Wednesday, 31 March 2021.

By Order of the Board
Loto Interactive Limited
Yan Hao

Chief Executive Officer and Executive Director

Hong Kong, 30 March 2021

As at the date of this announcement, the Board of Directors comprises Ms. Zhang Jing (Chairman), Mr. Yan Hao# (Chief Executive Officer), Ms. Huang Lilan#, Mr. Yuan Qiang*, Dr. Lu Haitian+, Mr. Lin Sen+ and Mr. Huang Jian+.*

Executive Director

* *Non-executive Director*

+ *Independent Non-executive Director*

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for a minimum period of 7 days from the date of its publication and on the Company's website at www.lotoie.com.