

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **Loto Interactive Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8198)**

### **FIRST QUARTER RESULTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

#### **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.*

## UNAUDITED CONDENSED CONSOLIDATED RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Loto Interactive Limited (the “**Company**”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (the “**Group**”) for the three-month period ended 31 March 2021 (the “**Reporting Period**”) as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT

*For the three-month period ended 31 March 2021*

		<b>Three-month period ended 31 March</b>	
		<b>2021</b>	2020
	<i>Notes</i>	<b>(Unaudited)</b>	(Unaudited)
		<b>HK\$'000</b>	HK\$'000
<b>REVENUE</b>	3	<b>74,259</b>	72,239
Cost of sales and service rendered		<u><b>(85,895)</b></u>	<u>(72,174)</u>
<b>Gross (loss)/profit</b>		<b>(11,636)</b>	65
Other income and gains		<b>729</b>	557
Selling expenses		<b>(21)</b>	(7)
Administrative expenses		<b>(11,819)</b>	(16,071)
Other expenses		<b>(1)</b>	(2,398)
Share of profit/(loss) of associates		<b>32</b>	(64)
Finance costs		<u><b>(79)</b></u>	<u>(158)</u>
<b>LOSS BEFORE TAX</b>		<u><b>(22,795)</b></u>	<u>(18,076)</u>
Income tax credit	4	–	288
<b>LOSS FOR THE PERIOD</b>		<u><b>(22,795)</b></u>	<u>(17,788)</u>

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the three-month period ended 31 March 2021

	<b>Three-month period ended 31 March</b>	
	<b>2021</b>	<b>2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Other comprehensive income/(loss) for the period, net of tax:</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Fair value changes of equity investments at fair value through other comprehensive income	<b>14,397</b>	(2,388)
<b>Items that may be reclassified to profit or loss</b>		
Exchange differences on translation of foreign operations	<u><b>(1,921)</b></u>	<u>(4,438)</u>
<b>OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD, NET OF TAX</b>	<u><b>12,476</b></u>	<u>(6,826)</u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<u><b>(10,319)</b></u>	<u>(24,614)</u>
<b>LOSS FOR THE PERIOD ATTRIBUTABLE TO:</b>		
Owners of the Company	<b>(17,199)</b>	(17,622)
Non-controlling interests	<u><b>(5,596)</b></u>	<u>(166)</u>
	<u><b>(22,795)</b></u>	<u>(17,788)</u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO:</b>		
Owners of the Company	<b>(4,433)</b>	(24,442)
Non-controlling interests	<u><b>(5,886)</b></u>	<u>(172)</u>
	<u><b>(10,319)</b></u>	<u>(24,614)</u>
<b>LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (<i>HK\$ cents</i>)</b>		
6		
– Basic and diluted (Restated)	<u><b>(4.52)</b></u>	<u>(5.58)</u>

Notes:

**(1) BASIS OF PREPARATION**

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of the GEM Listing Rules and with Hong Kong Accounting Standard 34, Interim Financial Reporting.

**(2) SIGNIFICANT ACCOUNTING POLICIES**

The condensed consolidated financial statements have been prepared under the historical cost convention. The same accounting policies, presentation and methods of computation have been followed in these condensed consolidated financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2020, except for the adoption of all the new and revised Hong Kong Financial Reporting Standards, amendments and interpretations ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2021. 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 period and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Directors of the Company anticipate that the application of the other new or revised standards, amendments or interpretations will have no material impact on the unaudited consolidated financial statements.

**(3) REVENUE**

An analysis of the Group's revenue for the three-month period ended 31 March 2021 is as follows:

	<b>Three-month period ended</b>	
	<b>31 March</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Big Data Centre Services	<b>73,260</b>	71,976
Money Lending Business	<b>750</b>	–
Online Game Business	<b>249</b>	233
Lottery Business	<b>–</b>	30
	<b>74,259</b>	<b>72,239</b>

**(4) INCOME TAX CREDIT**

	<b>Three-month period ended 31 March</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Deferred tax	–	288
	<u>–</u>	<u>288</u>
	<u>–</u>	<u>288</u>

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profit arising from Hong Kong for the three-month period ended 31 March 2021 and its corresponding period in 2020.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdiction.

**(5) DIVIDEND**

The Directors do not recommend the payment of an interim dividend for the three-month period ended 31 March 2021 (the three-month period ended 31 March 2020: Nil).

**(6) LOSS PER SHARE**

The calculation of basic loss per share for the three-month period ended 31 March 2021 is based on the unaudited loss attributable to owners of the Company of approximately HK\$17.2 million (three-month period ended 31 March 2020: HK\$17.6 million) and on the weighted average number of approximately 380,905,703 (three-month period ended 31 March 2020: 315,859,983) ordinary shares in issue during the period.

The computation of diluted loss per share in 2021 and 2020 did not include the Company's outstanding share options since their assumed exercise would result in the decrease in the diluted loss per share.

(7) SHARE CAPITAL AND RESERVES

	Attributable to owners of the Company									
	Issued capital	Share premium <sup>#</sup>	Share-based payment reserve <sup>#</sup>	Other reserve <sup>#</sup>	Exchange reserve <sup>#</sup>	Equity investment revaluation reserve <sup>#</sup>	Accumulated losses <sup>#</sup>	Sub-Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2021 (audited)	37,902	338,906	9,370	(5,255)	19,281	(12,653)	(68,885)	318,666	91,044	409,710
Loss for the period	-	-	-	-	-	-	(17,199)	(17,199)	(5,596)	(22,795)
Other comprehensive (loss)/income for the period	-	-	-	-	(1,631)	14,397	-	12,766	(290)	12,476
Total comprehensive (loss)/income for the period	-	-	-	-	(1,631)	14,397	(17,199)	(4,433)	(5,886)	(10,319)
Allotment and issue of the Subscription Shares	16,936	83,618	-	-	-	-	-	100,554	-	100,554
Purchase of non-controlling interests	-	-	-	-	-	-	(18,966)	(18,966)	(85,391)	(104,357)
Equity-settled share-based payment expense	-	-	823	-	-	-	-	823	-	823
Disposal of equity investments at fair value through other comprehensive income	-	-	-	-	-	(11,744)	11,744	-	-	-
At 31 March 2021 (unaudited)	54,838	422,524	10,193	(5,255)	17,650	(10,000)	(93,306)	396,644	(233)	396,411

Attributable to owners of the Company

	Issued capital <i>HK\$'000</i>	Share premium <sup>#</sup> <i>HK\$'000</i>	Share-based payment reserve <sup>#</sup> <i>HK\$'000</i>	Other reserve* <sup>#</sup> <i>HK\$'000</i>	Exchange reserve <sup>#</sup> <i>HK\$'000</i>	Equity investment revaluation reserve <sup>#</sup> <i>HK\$'000</i>	Accumulated losses <sup>#</sup> <i>HK\$'000</i>	Sub-Total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 January 2020 (audited)	31,586	329,194	20,881	(5,255)	3,692	(12,570)	(37,657)	329,871	12,876	342,747
Non-controlling interests arising from establishment of a new subsidiary	-	-	-	-	-	-	-	-	5,319	5,319
Loss for the period	-	-	-	-	-	-	(17,622)	(17,622)	(166)	(17,788)
Other comprehensive loss for the period	-	-	-	-	(4,432)	(2,388)	-	(6,820)	(6)	(6,826)
Total comprehensive loss for the period	-	-	-	-	(4,432)	(2,388)	(17,622)	(24,442)	(172)	(24,614)
Equity-settled share-based payment expense	-	-	1,041	-	-	-	-	1,041	-	1,041
At 31 March 2020 (unaudited)	<u>31,586</u>	<u>329,194</u>	<u>21,922</u>	<u>(5,255)</u>	<u>(740)</u>	<u>(14,958)</u>	<u>(55,279)</u>	<u>306,470</u>	<u>18,023</u>	<u>324,493</u>

\* 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.

## 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 developed 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 Reporting Period, the big data center services generated revenue of approximately HK\$73.3 million, representing an increase of approximately HK\$1.3 million as compared to the corresponding period, which was primarily due to the commenced operation of the third big data centre in June 2020.

### ***Money Lending Business***

In order to leverage our corporate expertise and resources to broaden 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\$0.8 million for the Reporting Period.

### ***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\$0.2 million for the Reporting Period, roughly the same as compared to the corresponding period in 2020.

## **Financial Review**

The Group is engaged in three operating segments which are (1) the Big Data Centre Services, (2) the Money Lending Business, and (3) the Online Game Business. The Group recorded a total revenue of approximately HK\$74.3 million during the Reporting Period (three-month period ended 31 March 2020: approximately HK\$72.2 million), representing an increase of approximately HK\$2.1 million, which comprised the following:

### ***(1) Big Data Centre Services***

Revenue contributed by the Big Data Centre Services amounted to approximately HK\$73.3 million for the Reporting Period, representing an increase of approximately HK\$1.3 million as compared to the corresponding period in 2020 (three-month period ended 31 March 2020: approximately HK\$72.0 million).

### ***(2) Money Lending Business***

Revenue generated from Money Lending Business amounted to approximately HK\$0.8 million for the Reporting Period.

### ***(3) Online Game Business***

Revenue generated from Online Game Business amounted to approximately HK\$0.2 million for the Reporting Period.

## Operating Results

The Group recorded a loss of approximately HK\$22.8 million for the Reporting Period, representing an increase of approximately HK\$5.0 million or 28% as compared to a loss of approximately HK\$17.8 million for the corresponding period in 2020, which was mainly attributable to the combined effect of:

- (i) decrease in gross profit of approximately HK\$11.7 million which was mainly due to the seasonality characteristics of the hydro power in low water season, leading to a low supply of Big Data Centre Services, but the operating costs still remained at a high level as the commencement of operation of the third big data centre;
- (ii) decrease in operating expense of approximately HK\$5.3 million which was mainly due to the decrease of rental expense, consultant expense and one-off start-up expense related to the third big data centre; and
- (iii) decrease in amortisation associated with acquired intangible assets of approximately HK\$1.2 million.

## IMPORTANT EVENTS FOR THE REPORTING PERIOD

### 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.

### Issuance of subscription shares to BIT Mining Limited (“**BIT Mining**”, formerly known as **500.com Limited**)

Reference is made to the announcements and circular of the Company dated 28 January 2021, 11 February 2021 and 11 March 2021 (the “**Announcements and Circular**”), the Company and BIT Mining, the controlling shareholder of the Company, entered into a subscription agreement on 28 January 2021, pursuant to which BIT Mining 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**”). As of the date of this announcement, the Subscription has already been completed.

## **Acquisition of the equity interest of Ganzhi Changhe Hydropower Consumption Service Co., Ltd. (“Changhe Hydropower”)**

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 Changhe Hydropower 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 already been completed.

## **Entering into of the Services Framework Agreement**

Reference is made to the announcements of the Company dated 24 March 2021 and 31 March 2021. On 24 March 2021, Changhe Hydropower, an indirect non wholly-owned subsidiary of the Company, 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) (“**Chongqing Yusheng**”), an indirect wholly-owned subsidiary of BIT Mining, pursuant to which Changhe Hydropower 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 Changhe Hydropower. On 31 March 2021, Changhe Hydropower, Chongqing Yusheng and BIT Mining entered into a supplemental framework agreement to the Services Framework Agreement (the “**Supplemental Framework Agreement**”), pursuant to which BIT Mining (for itself and on behalf of its subsidiaries) was added as a party to the Services Framework Agreement and shall assume the rights and obligations under the Services Framework Agreement in substitution of Chongqing Yusheng. Save for the addition of BIT Mining (for itself and on behalf of its subsidiaries) as a party to the Services Framework Agreement, all other terms of the Services Framework Agreement remain unchanged.

## **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.

## **SUBSEQUENT EVENT AFTER THE REPORTING PERIOD**

Reference is made to the announcements and circular of the Company dated 24 March 2021, 31 March 2021 and 19 April 2021 in relation to the entering into of the Services Framework Agreements (as defined in the circular to the shareholders of the Company dated 19 April 2021 (the “**Circular**”). Pursuant to the requirements under the GEM Listing Rules, the Company has sought the approval of Independent Shareholders (as defined in the Circular) in relation to the Services Framework Agreements, the transactions contemplated thereunder and the related proposed annual caps for the period from 4 May 2021 to 31 December 2023 at the extraordinary general meeting of the Company convened on 4 May 2021.

## **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 entered into a purchase agreement, which intended to procure 4,000 data processors in February 2021. 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 the second quarter of 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.

## **DIVIDEND**

The Directors do not recommend the payment of an interim dividend for the Reporting Period (three-month period ended 31 March 2020: Nil).

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

## COMPETING INTEREST

During the Reporting Period, none of the Directors, the controlling shareholder of the Company and their respective close associates (as defined in the GEM Listing Rules) had interest in any business which competes or may compete with the business of the Group and any other conflicts of interest with the Group.

## AUDIT COMMITTEE

The Company has an audit committee, which was established for the purposes of reviewing and providing supervision over the Company'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), Dr. Lu Haitian and one non-executive Director, namely Mr. Yuan Qiang. The financial information contained in this first quarter results for the Reporting Period has not been audited by the auditors of the Company, but has been reviewed by the audit committee of the Company.

By Order of the Board  
**Loto Interactive Limited**  
**Yan Hao**

*Chief Executive Officer and Executive Director*

Hong Kong, 7 May 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](http://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](http://www.lotoie.com).*