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Loto Interactive Limited

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

INSIDE INFORMATION UPDATE ON SUSPENSION OF POWER TO SUBSIDIARIES

This announcement is made by Loto Interactive Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to the requirements of Rule 17.10 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Reference is made to the two inside information announcements issued by the Company dated 20 June 2021 and 21 June 2021 (the “**Announcements**”). Unless otherwise defined, capitalised terms used herein will have the same meanings as those used in the Announcements.

Further to the issue of the Announcements, the Board would like to update the shareholders of the Company and potential investors on the possible impact of the suspension of power to the Subsidiary and Subsidiary B (collectively, the “**Subsidiaries**”) on the Group. Set out in the table below are the relevant figures of (i) the Subsidiaries; and (ii) all other subsidiaries of the Company (the “**Remaining Group**”) by reference to their respective revenue and profit contributions to the Group for the year ended 31 December 2020.

	For the year ended 31 December 2020 <i>(HK\$'000)</i> (Audited)
Revenue	
Subsidiary	164,208
Subsidiary B	207,728
Remaining Group	11,019
Group	382,955

Profit (Loss)	For the year ended 31 December 2020 (HK\$'000) (Audited)
Subsidiary	8,920
Subsidiary B	185
Remaining Group	(52,360)
Group	(43,255)

The Group was not aware of the implementation of the relevant governmental policy in the Sichuan Province prior to the receipt of the Notice. Further, as at the date of this announcement, neither the Power Company nor the Power Company B has informed the Group on the duration of the suspension of power to the Subsidiaries. In order for the Company to make further decisions in respect of the operations of its big data service centres in the Sichuan Province, the Group is now actively communicating with the relevant PRC authorities, the Power Company and/or the Power Company B to obtain more specific information on the matter, including the duration of the suspension and whether there are any conditions imposed for the resumption of power.

Aside from the two big data centres held by the Subsidiary and the Subsidiary B, the Group has a third big data service centre in Sichuan Province, which is operated by Chengdu Keying Interactive Information Technology Limited[△] (成都科盈互動信息科技有限公司) (“**Subsidiary C**”). Due to the need for various modifications, the big data service centre operated by Subsidiary C has not been operating since the start of this year. Further to the implementation of the relevant governmental policy in the Sichuan Province, the Company is currently unable to anticipate the time of resumption of operations for this big data service centre after the modifications. As at the date of this announcement, aside from the Group’s business in the provision of data analysis and storage services, the Group’s remaining businesses will operate as usual.

As previously disclosed in the Group’s annual report dated 30 March 2021 and first quarter report dated 7 May 2021, the Group had procured data processors to kickstart its expansion into the business of proprietary cryptocurrency mining. As such, in line with its business objectives, the Group had already started to explore the possibility of expanding its operations to other locations prior to the receipt of the Notice. However, such plans have not yet been finalised and are subject to further discussions with the Group’s customers, potential business partners and the relevant authorities. Due to the recent receipt of the Notice as disclosed in the Announcements, the Company will make its best efforts to accelerate the materialisation of such possibilities in order to protect the interests of the Group and its shareholders as a whole and to continue the expansion of the Group’s business.

The Company will closely monitor the situation and will keep its shareholders and its investors informed of any significant development of the Group’s businesses as and when appropriate.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Loto Interactive Limited
Yan Hao

Chief Executive Officer and Executive Director

Hong Kong, 25 June 2021

As at the date of this announcement, the Board of Directors 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, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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

△ The English translation of Chinese names marked with “△” in this announcement, where indicated, is included for identification purpose only, and should not be regarded as the official English translation of such Chinese names.