Loto Interactive Limited

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

(I) BUSINESS UPDATE AND (II) INSIDE INFORMATION - PROFIT WARNING

(I) BUSINESS UPDATE

Reference is made to the announcement (the "**Announcement**") of Loto Interactive Limited (the "**Company**") dated 25 June 2021 in relation to the update on suspension of power to subsidiaries. Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement unless otherwise stated herein.

The Company has, on 11 October 2021, received a notice to quit from the owner of the land where the Group's third big data 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**"), is located. The Group will take the necessary procedures for compliance with the said notice to quit and close the said big data centre. As disclosed in the Announcement that the big data centre operated by Subsidiary C has not been operating since the start of this year, the board (the "**Board**") of directors (the "**Directors**") of the Company believes the closure of the said big data centre, save and except the provision of impairment of fixed assets in relation to Subsidiary C as disclosed below, will not have material adverse impact on the Group's operations and financial conditions. As disclosed in the Company's announcement dated 6 September 2021, the Group had already expanded its operations to Kazakhstan. The Group will continue to explore the possibility of expanding its operations to other locations as well. 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.

(II) PROFIT WARNING

This part of the announcement is made by 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).

The Board wishes to inform the shareholders (the "**Shareholders**") of the Company and potential investors that, based on preliminary review of the latest unaudited consolidated management accounts of the Group for the nine-month period ended 30 September 2021 (the "**Reporting Period**") and the information currently available, the Group is expected to record an unaudited consolidated net loss of HK$180 million to HK$185 million for the Reporting Period as compared to an unaudited consolidated net loss of HK$25.6 million for the nine-month period ended 30 September 2020. The above increase in consolidated net loss was primarily attributable to (i) the suspension from power supply for the three big data centres, which led to decrease in revenue of the big data centre services in the third quarter; (ii) the closure and demolition of the aforementioned big data centre operated by the Subsidiary C resulting in provision of impairment of fixed assets; (iii) the provision of impairment of fixed assets caused by the Group's plan to relocate the machinery and equipment of the two big data centres, operated by Ganzi Changhe Hydropower Consumption Service Co., Ltd. (甘孜州長河水電消納服務有限公司) and Sichuan Lecai Yuntian Network Technology Co., Ltd. (四川省樂彩雲天網絡科技有限公司), for the construction of big data centres in the other regions.

As the Company is still in the process of finalising and preparing the Group's third quarter results for the Reporting Period, the information contained in this announcement is only a preliminary assessment by the Board based on the latest information currently available to the Company and the unaudited consolidated management accounts of the Group for the Reporting Period, which have not been reviewed by the Company's audit committee. Shareholders and potential investors are advised to read carefully the Group's third quarter results announcement for the Reporting Period, which is scheduled to be published on 8 November 2021.

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

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

Hong Kong, 18 October 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. Yang Xianfeng*, 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.

In this announcement, translated English names of Chinese entities for which no official English translation exists are unofficial translations for identification purposes only, and in the event of any inconsistency between the Chinese names and their English translation, the Chinese names shall prevail. If there is any inconsistency in this announcement between the Chinese and English versions, the English version shall prevail.

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.