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乐透互娱
LOTO INTERACTIVE

Loto Interactive Limited

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

(I) TERMINATION OF THE PROJECT IN RESPECT OF THE JOINT VENTURE AND (II) INSIDE INFORMATION - PROFIT WARNING

(I) TERMINATION OF THE PROJECT IN RESPECT OF THE JOINT VENTURE

References are made to the announcements of Loto Interactive Limited (the "**Company**") dated 6 September 2021 (the "**First Announcement**"), 28 September 2021 (the "**Second Announcement**") and 7 December 2021 (the "**Third Announcement**") in relation to the formation of a JV Company and the progress of the Project. Unless otherwise herein defined, capitalised terms used in this announcement shall have the same meanings as defined in the First Announcement, Second Announcement and Third Announcement.

As disclosed in the Third Announcement, Brighten Express and the New JV Partner had decided to postpone the commencement of the Project and observe the fluctuation and trend in the big data centre market conditions in Kazakhstan due to, among other things, the surge in the price of electricity in the relevant region in Kazakhstan and the fact that the supply of electricity in the relevant region has become unstable.

The Board would like to inform the Shareholders and potential investors that Brighten Express and the New JV Partner have decided and agreed to terminate the Project in respect of the joint venture due to the political unrest and the unstable supply and price of electricity that have persisted in western Kazakhstan. It has been observed that large-scale protests and demonstrations began taking place in Kazakhstan in January 2022 and have escalated into property destruction and other violent events. Such events have resulted in businesses being damaged and mass arrests and crackdowns by the local authorities in Kazakhstan. The ongoing war between Russia and Ukraine further worsens the business situation considering the close proximity between Kazakhstan and each of Russia and Ukraine. In light of the foregoing, Brighten Express and New JV Partner are of the view that the political situation in Kazakhstan may remain unstable and will be materially unpredictable.

Therefore, taking into account the above factors, Brighten Express and the New JV Partner believe that it would be most commercially sensible and in the best interest of the Company and its shareholders as a whole to terminate the Project in respect of the joint venture in light of the unstable and unpredictable market conditions in Kazakhstan.

As no capital has been contributed by the parties in respect of the joint venture, save for the immaterial administrative cost that has been incurred to prepare for the establishment of the JV Company, the Board does not consider the termination of the Project in respect of the joint venture to have any material adverse effect on the operation of the Company.

(II) INSIDE INFORMATION - 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 of the Company (the "**Shareholders**") and potential investors that, based on preliminary review of the latest unaudited consolidated management accounts of the Group for the year ended 31 December 2021 (the "**Reporting Period**") and the information currently available, the Group is expected to record an unaudited consolidated net loss of not less than HK$292 million for the Reporting Period as compared to an unaudited consolidated net loss of approximately HK$43 million for the year ended 31 December 2020. The above increase in consolidated net loss was primarily attributable to (i) the suspension of power supply to the three big data centres operated by our subsidiaries, namely Chengdu Keying Interactive Information Technology Limited (成都科盈互動信息科技有限公司), Sichuan Lecai Yuntian Network Technology Co., Ltd. (四川省樂彩雲天網絡科技有限公司) and Ganzi Changhe Hydropower Consumption Service Co., Ltd. (甘孜州長河水電消納服務有限公司) during the Reporting Period leading to a halt in operation; (ii) the provision of impairment of fixed assets of approximately HK$212 million as a result of the closure and demolition of the aforementioned big data centres operated by our subsidiaries and our plan to suspend the Project during the Reporting Period; and (iii) the impairment of goodwill in respect of our big data centre businesses of approximately HK$12 million.

As the Company is still in the progress of finalising and preparing the Group's consolidated annual 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 has not been reviewed or audited by the auditors of the Company, nor reviewed by the audit committee of the Company. The above information may be subject to final audit adjustments and confirmation with the auditors of the Company. Shareholders and potential investors are advised to read carefully the Group's annual results announcement for the Reporting Period, which is scheduled to be published in late March 2022.

The Company will keep the Shareholders and potential investors informed of other business development of the Group as and when appropriate. 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, 8 March 2022

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.

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.