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**AGTech Holdings Limited**

**亞博科技控股有限公司\***

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 8279)**

**MAJOR TRANSACTION  
IN RELATION TO  
ACQUISITION OF THE ENTIRE EQUITY INTEREST IN  
SCORE VALUE LIMITED  
INVOLVING THE ISSUE OF CONSIDERATION SHARES AND  
POSSIBLE GRANTING OF BONUS OPTIONS AND  
ISSUE OF OPTION SHARES  
UNDER SPECIFIC MANDATE**

**THE ACQUISITION**

After the Stock Exchange trading hours on 17 November 2014, the Company, the Purchaser, the Vendors and the Target entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the Sale Shares (representing the entire issued share capital of the Target) for a maximum consideration of HK\$489.5 million (subject to downward adjustments). The maximum Consideration is to be satisfied as to HK\$239.5 million in cash and as to HK\$250.0 million by way of the allotment and issue of a maximum of 168,918,918 Consideration Shares at the Issue Price of HK\$1.48 per Share. Subject to the Target Group meeting certain operational targets as set out in the Agreement, the Company shall also grant the Bonus Options to the Vendors which entitle the Vendors to subscribe for a maximum of 166,666,666 Option Shares at a subscription price of HK\$1.8 per Share.

The Target Group is engaged in the research and development, quality assurance and sale of handheld lottery sale equipment, the provision of aftersales maintenance of such devices, and the design of lottery games and system development in the PRC.

## **GEM LISTING RULES IMPLICATIONS**

The Acquisition constitutes a major transaction of the Company pursuant to the GEM Listing Rules and is therefore subject to the approval of the Shareholders. The Company will also seek from the Shareholders a specific mandate to allot and issue the Consideration Shares and the Option Shares in accordance with the terms of the Agreement. As no Shareholder has a material interest in the Acquisition which is different from other Shareholders, no Shareholder is required to abstain from voting on the relevant resolution(s) to be proposed at the SGM in relation to the Agreement and the transactions contemplated thereunder.

## **GENERAL**

A circular containing, among other things, details of the Agreement, financial information of the Group and the Target Group, the unaudited pro forma financial information of the Group assuming Completion, the notice convening the SGM and other information as required under the GEM Listing Rules will be despatched to the Shareholders. As time is required for preparing the aforesaid financial information to be included in the circular, the circular is expected to be despatched to the Shareholders on or before 8 December 2014.

Reference is made to the announcements of the Company dated 15 July 2014 and 13 October 2014 relating to the memorandum of understanding dated 15 July 2014 entered into among the Purchaser (being a wholly-owned subsidiary of the Company), the Company, the Vendors and the Target with respect to the possible acquisition by the Purchaser of the entire equity interest in the Target, and the extension of the exclusivity period with respect to the possible acquisition to 14 December 2014 respectively. The Board is pleased to announce that after trading hours of the Stock Exchange on 17 November 2014, the Company, the Purchaser, the Vendors and the Target entered into the Agreement formalising the terms of the Acquisition. Details of the Agreement are set out below.

## **THE AGREEMENT**

### **Date**

17 November 2014

### **Parties**

- (i) The Company;
- (ii) Silvercreek Technology Holdings Limited, being the Purchaser;
- (iii) Immense Wisdom Limited, being Vendor A;
- (iv) King Achieve Limited, being Vendor B; and
- (v) Score Value Limited, being the Target.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Target, each of the Vendors and their respective ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons (as defined under the GEM Listing Rules). The principal business of each of the Vendors is investment holding.

### **Assets to be acquired**

The assets to be acquired are the Sale Shares, which represent the entire equity interest in the Target. The Target Group is principally engaged in the research and development, quality assurance and sale of handheld lottery sale equipment, provision of aftersales maintenance of such devices, and design of lottery games and system development in the PRC. As at the date of this announcement, the Target is owned as to 54.6% by Vendor A and 45.4% by Vendor B. Please refer to the section headed "Information on the Target Group" below for further details of the Target Group.

### **The Consideration**

The maximum aggregate Consideration (subject to downward adjustments) for the Sale Shares of HK\$489.5 million consists of the Initial Consideration of HK\$189.5 million and the Deferred Consideration of HK\$300 million, which shall be satisfied as to HK\$239.5 million in cash and HK\$250 million by way of allotment and issue of the Consideration Shares. The Consideration was determined after arm's length negotiations among the parties to the Agreement after taking into account (i) the historical financial performance of the lottery equipment supply business of the Target Group; (ii) the Profit Guarantees (as defined hereinafter) provided by the Vendors for each of the three financial years ending 31 December 2015, 2016 and 2017 as described in the paragraph headed "Deferred Consideration" below; (iii) the downward adjustments mechanism to the Consideration to protect the Group's interests as set out in the paragraph headed "Adjustments to the Consideration" below; (iv) the prospects of the Target Group for future supply of the system and content for the Lottery Game for use on mobile smart phones to the relevant lottery authority of the PRC (subject to the final approval of the relevant government authority of the PRC); (v) the strategic fit and potential synergies that may be created between the Group and the Target Group from the Acquisition; and (vi) the premium of the Issue Price over the net asset value per Share.

The Company intends to finance the cash portion of the Consideration with its internal cash resources, and, if necessary, with bank borrowings and/or fund raising exercises. As at 30 September 2014, the cash and bank balances of the Group amounted to approximately HK\$262 million in total, which exceeds the cash portion of the Initial Consideration totalling HK\$139.5 million, whereas the cash portion of the Deferred Consideration totalling HK\$100 million shall not be payable to the Vendors until fulfilment of certain pre-conditions at a later stage.

### ***Initial Consideration***

The Initial Consideration of HK\$189.5 million will be payable by the Purchaser or the Company to the Vendors pro rata to their respective shareholding percentages in the Target as follows:

- (i) as to HK\$37 million in cash on Completion Date;
- (ii) as to HK\$50 million in cash on or before 15 January 2015;
- (iii) as to HK\$50 million by the Company allotting and issuing 33,783,783 Consideration Shares on or before 15 January 2015. From the date of the allotment and issuance of 33,783,783 Consideration Shares, 16,891,891 Consideration Shares shall be subject to a three (3) months lock-up period while the remaining 16,891,892 Consideration Shares shall be subject to a six (6) months lock-up period. These Consideration Shares will be held in safe custody by the Company and released to the Vendors upon expiry of the aforesaid lock-up periods respectively; and
- (iv) as to HK\$52.5 million in cash on or before 30 June 2015.

### ***Deferred Consideration***

The Deferred Consideration in a maximum amount of HK\$300 million shall be payable by the Purchaser or the Company to the Vendors pro rata to their respective shareholding percentage in the Target as follows:

- (i) as to HK\$50 million (the “**First Deferred Consideration**”) by the Company allotting and issuing 33,783,783 Consideration Shares within fifteen (15) Business Days after the granting of the approval of the Lottery Game by the relevant government authority of the PRC (the “**Approval**”) (on the condition that the Approval should have been granted on or before the first (1st) anniversary date of the Agreement). These Consideration Shares shall not be subject to any lock-up;
- (ii) as to HK\$50 million (the “**Second Deferred Consideration**”) in cash within fifteen (15) Business Days after the granting of the Approval;
- (iii) as to HK\$100 million (the “**Third Deferred Consideration**”) by the Company allotting and issuing 67,567,568 Consideration Shares within thirty (30) Business Days after the official commencement date of sales of the Lottery Game through mobile smart phone channel in the first trial province in the PRC in accordance with the Approval. These Consideration Shares shall be subject to a six (6) months lock-up period from the date of their allotment and issuance, and will be held in safe custody by the Company and released to the Vendors upon expiry of such lock-up period;

- (iv) in the event that the net profit after taxation of Shenzhen Subsidiary for the financial year ending 31 December 2015 is not less than RMB20 million (equivalent to approximately HK\$25.2 million) (the “**2015 Profit Guarantee**”), the Purchaser or the Company shall pay to the Vendors a further amount of HK\$30 million which shall be satisfied as to HK\$15 million in cash and as to HK\$15 million by the Company allotting and issuing 10,135,135 Consideration Shares to the Vendors within fifteen (15) Business Days after the issue of the audit report of Shenzhen Subsidiary for the year ending 31 December 2015;
- (v) in the event that the aggregate net profit after taxation of Shenzhen Subsidiary for the two financial years ending 31 December 2015 and 2016 is not less than RMB40 million (equivalent to approximately HK\$50.4 million) (the “**2016 Profit Guarantee**”), the Purchaser or the Company shall pay to the Vendors a further amount of HK\$30 million which shall be satisfied as to HK\$15 million in cash and as to HK\$15 million by the Company allotting and issuing 10,135,135 Consideration Shares to the Vendors within fifteen (15) Business Days after the issue of the audit report of Shenzhen Subsidiary for the year ending 31 December 2016; and
- (vi) in the event that the aggregate net profit after taxation of Shenzhen Subsidiary for the three financial years ending 31 December 2015, 2016 and 2017 is not less than RMB60 million (equivalent to approximately HK\$75.6 million) (the “**2017 Profit Guarantee**”, together with the 2015 Profit Guarantee and the 2016 Profit Guarantee, the “**Profit Guarantees**”), the Purchaser or the Company shall pay to the Vendors a further amount of HK\$40 million which shall be satisfied as to HK\$20 million in cash and as to HK\$20 million by the Company allotting and issuing 13,513,514 Consideration Shares to the Vendors within fifteen (15) Business Days after the issue of the audit report of Shenzhen Subsidiary for the year ending 31 December 2017.

The Consideration Shares issuable under paragraphs (iv), (v) and (vi) above will not be subject to any lock-up.

### **Adjustments to the Consideration**

Under the Agreement, the Consideration shall be adjusted downwards under the following circumstances:

- (i) if the Approval is not granted by the relevant government authority of the PRC by the first (1st) anniversary date of the Agreement (or such other date that may be agreed among the parties to the Agreement):
  - (a) the Vendors are required to refund HK\$50 million in cash to the Purchaser or the Company within thirty (30) Business Days after the first (1st) anniversary date of the Agreement (or such other date that may be agreed among the parties to the Agreement); and
  - (b) the Purchaser or the Company shall no longer be required to satisfy the First Deferred Consideration, the Second Deferred Consideration and the Third Deferred Consideration; and

- (ii) if any of the Profit Guarantees is not met, the Consideration Shares and the cash portion of the Consideration relating to that particular Profit Guarantee will not be payable to the Vendors.

### **The Consideration Shares**

The Issue Price of HK\$1.48 per Consideration Share represents:

- (i) a premium of approximately 29.8% over the closing price of HK\$1.14 per Share as quoted on the Stock Exchange on 17 November 2014, being the date of the Agreement;
- (ii) a premium of approximately 28.2% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five consecutive full trading days up to and including the date of the Agreement of HK\$1.154 per Share;
- (iii) a premium of approximately 29.8% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last ten consecutive full trading days up to and including the date of the Agreement of HK\$1.14 per Share; and
- (iv) a premium of approximately 434.3% over the unaudited net assets value per Share of approximately HK\$0.277 as at 30 June 2014 (based on the Company's latest published unaudited consolidated net assets value attributable to the Shareholders of HK\$1,215,443,866 as at 30 June 2014 and the 4,391,554,364 Shares in issue as at that date).

The maximum number of 168,918,918 Consideration Shares issuable under the Agreement represent approximately 3.8% of the issued share capital of the Company as at the date of this announcement; approximately 3.7% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares; and approximately 3.5% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares and the Option Shares (details of which are set out in the paragraph headed "Bonus Options" below).

The Consideration Shares shall at all times rank pari passu among themselves and with the Shares in issue as at the date of issue of the Consideration Shares. The Consideration Shares will be issued pursuant to the specific mandate to be sought from the Shareholders at the SGM. The Company will make application to the Stock Exchange for the listing of and permission to deal in the Consideration Shares.



## Bonus Options

Within two (2) years from the date of the Agreement and provided that the Approval has been granted, as performance incentives to the Vendors, the Company shall grant to the Vendors the Bonus Options, entitling them to subscribe for up to 166,666,666 Option Shares, subject to the fulfilment of the following milestone conditions:

- (i) in the event that the Target Group has launched the sales of the Lottery Game through mobile smart phone channel in five (5) provinces or more in the PRC, the Company shall grant to the Vendors the Bonus Options entitling them to subscribe for up to 55,555,555 Option Shares at the subscription price of HK\$1.8 per Share within an exercise period of two (2) years from the date of such grant; and
- (ii) in the event that the Target Group has launched the sales of the Lottery Game through mobile smart phone channel in ten (10) provinces or more (inclusive of those provinces mentioned in (i) above) in the PRC, the Company shall grant to the Vendors the Bonus Options entitling them to subscribe for up to 111,111,111 Option Shares at the subscription price of HK\$1.8 per Share within an exercise period of two (2) years from the date of such grant.

Assuming all the milestone conditions set out above are fulfilled, the Bonus Options shall entitle the Vendors to subscribe for up to 166,666,666 Option Shares, representing approximately 3.8% of the issued share capital of the Company as at the date of this announcement; and approximately 3.5% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares and the Option Shares in full.

The subscription price of HK\$1.8 per Option Share represents:

- (i) a premium of approximately 57.9% over the closing price of HK\$1.14 per Share as quoted on the Stock Exchange on 17 November 2014, being the date of the Agreement;
- (ii) a premium of approximately 56.0% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five consecutive full trading days up to and including the date of the Agreement of HK\$1.154 per Share;
- (iii) a premium of approximately 57.9% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last ten consecutive full trading days up to and including the date of the Agreement of HK\$1.14 per Share; and
- (iv) a premium of approximately 549.8% over the unaudited net assets value per Share of approximately HK\$0.277 as at 30 June 2014 (based on the Company's latest published unaudited consolidated net assets value attributable to the Shareholders of HK\$1,215,443,866 as at 30 June 2014 and the 4,391,554,364 Shares in issue as at that date).

Other terms of the Bonus Options are as follows:

- (i) the Bonus Options will not be listed on the Stock Exchange or any other stock exchanges;

- (ii) the Bonus Options may be exercised in whole or in part by the Vendors serving prior written exercise notice (the “**Exercise Notice**”) to the Company within the exercise period;
- (iii) the subscription price shall be payable in cash (by way of cheque or banker’s draft) by the Vendors upon serving of the Exercise Notice to the Company;
- (iv) each exercise of the Bonus Options shall be for the subscription of a minimum of 500,000 Option Shares;
- (v) any unexercised portion of the Bonus Options shall lapse and cease to have any force and effect immediately following the expiry of the exercise period, and both the Vendors and the Company shall have no claim against each other as a result of such lapse of the Bonus Options;
- (vi) the Bonus Options are not transferable to any party by the Vendors;
- (vii) the Bonus Options shall not entitle their holders to vote at any Shareholders’ meetings of the Company;
- (viii) within five (5) Business Days following receipt by the Company of the Exercise Notice from the Vendors, the Company shall instruct the share registrar of the Company to allot and issue the relevant Option Shares to the Vendors as a result of their exercise in whole or in part of the Bonus Options. However, the actual date of delivery of the relevant Share certificate(s) shall be subject to the internal procedure of the share registrar from time to time; and
- (ix) in the event of a capitalisation issue, rights issue, open offer, reduction of capital, subdivision or consolidation of Shares in the Company whilst any portion of the Bonus Options remains exercisable, adjustments shall be made to the aggregate number of Option Shares issuable under any outstanding portion of the Bonus Options, and/or to the subscription price per Option Share, as the independent financial adviser of the Company or the auditors of the Company (as the case may be) shall certify in writing to the Board that the adjustments will give the Vendors the same proportion of the equity capital of the Company as that to which the Vendors were previously entitled and that the adjustments will not increase the aggregate intrinsic value of such outstanding portion of the Bonus Options. Any such adjustments will be made on the basis that the aggregate subscription price payable on the full exercise of the outstanding portion of the Bonus Options is to remain the same as it was before such event. No such adjustments will be made the effect of which would be to enable an Option Share to be issued at less than its nominal value or which would change the proportion of the issued share capital of the Company for which the Vendors are entitled to subscribe pursuant to the Bonus Options held by them before such adjustments. For the avoidance of doubt, the issue of securities by the Company as consideration in a transaction or the placing of new securities by the Company is not to be regarded as a circumstance requiring any adjustments to the aggregate number of Option Shares issuable under any outstanding portion of the Bonus Options and/or to the subscription price per Option Share.



The Company will make an announcement if the Bonus Options are exercised in whole or in part by the Vendors during the exercise period or if there is any adjustment to the number of Option Shares issuable and/or to the subscription price per Option Share under the terms of the Bonus Options.

The Option Shares will be issued pursuant to the specific mandate to be sought from the Shareholders at the SGM, and shall rank pari passu among themselves and in all respects with the Shares then in issue. The Company will make application to the Stock Exchange for the listing of and permission to deal in the Option Shares.

In the event that the Bonus Options are exercised in full by the Vendors, the Company shall receive aggregate subscription monies from the Vendors of HK\$300 million which shall be used by the Group as its general working capital, and/or for investments undertaken or to be made by the Group should suitable investment opportunities arise.

### **Conditions precedent**

Completion of the Agreement is conditional upon the fulfilment or waiver (as the case may be) of the following conditions:

- (i) the Purchaser having conducted financial, legal, business and other due diligence on the Target Group and no matters have come to the attention of the Purchaser which would materially affect the normal operation or future income of the Target Group;
- (ii) the Company having obtained all necessary consents and approvals from the relevant authorities (including but not limited to the Stock Exchange) and the Shareholders in relation to the Agreement and the translations contemplated thereunder (including but not limited to the issue of the Consideration Shares and the Bonus Options to the Vendors);
- (iii) the Company having obtained the approval from the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Consideration Shares and the Option Shares;
- (iv) the registered capital of each of the member companies of the Target Group having been fully paid up and the contributed capital not having been repatriated illegally;
- (v) the financial statements of each of the member companies of the Target Group made up to the date immediately before the Completion Date having been confirmed by the Vendors and the Purchaser, and the cash balances in Shenzhen Subsidiary's bank accounts as at the Completion Date shall be not less than RMB42,000,000 (equivalent to approximately HK\$52,920,000);
- (vi) all outstanding account receivables disclosed in the Agreement having been either fully settled or transferred to parties nominated by the Vendors by way of a debt restructuring exercise undertaken by Shenzhen Subsidiary;

- (vii) the Target Group having provided to the Purchaser all employment contract, confidentiality agreement and non-competition agreement signed by the Head of Technical Department, confirming that he will continue his employment with the Target Group for not less than two (2) years following Completion;
- (viii) there being no promulgation, announcement, publication or enforcement of any law, judgment, decree or injunction by any government authorities before Completion which could (a) restrict or prohibit the signing of the Agreement or Completion; or (b) adversely affect, in any material aspects, the Purchaser in exercising its right or power entirely pursuant to its equity interests in the Target or as stipulated under the Agreement;
- (ix) there having been no material adverse change to the business, financial position or trading status of each of the member companies of the Target Group;
- (x) there being no pending or potential litigation, arbitration or other legal proceedings from any third parties (including any government authorities) which would otherwise prohibit or restrict the consummation of the transaction contemplated under the Agreement;
- (xi) the Head of Technical Department of the Target Group not tendering his resignation or serving any notice of proposed resignation (whether in writing or verbally), nor having any intention to resign since the signing of the Agreement; and
- (xii) there being no breach of warranties given in the Agreement by the Vendors from the signing of the Agreement until the Completion Date, and the Vendors and each of the member companies in the Target Group not having breached any of their obligations stipulated under the Agreement.

Other than conditions (v) and (vi) above which can be waived by mutual agreement between the Purchaser and the Vendors, all other conditions can only be waived by the Purchaser. The Purchaser has no intention to waive conditions (ii), (iii) and (viii) above.

In the event that all of the above conditions are not fulfilled or waived (as the case may be) on or before 31 December 2014, the Purchaser or the Vendors shall have the right to terminate the Agreement by giving written notice to the other parties to the Agreement, and no party to the Agreement shall have any claim against or liability to the other parties upon termination of the Agreement.

### **Completion**

Completion shall take place within five (5) Business Days (or such other date as mutually agreed by the parties to the Agreement in writings) after fulfilment or waiver (as the case may be) of the above conditions.

Upon Completion, the Target shall become a wholly-owned subsidiary of the Company and the financial statements of the Target Group shall be consolidated into the Group after Completion.

## EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below are the shareholding structures of the Company (i) as at the date of this announcement; (ii) upon the issue of the maximum number of Consideration Shares but before exercise of the Bonus Options; and (iii) upon the issue of the maximum number of Consideration Shares and after the exercise of the Bonus Options in full, assuming there is no other change in the shareholding structure of the Company since the date of this announcement:

Shareholders	As at the date of this announcement		Upon the issue of the maximum number of Consideration Shares but before the exercise of Bonus Options		Upon the issue of the maximum number of Consideration Shares and after the exercise of Bonus Options in full	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
<i>Directors</i>						
MAXPROFIT GLOBAL INC (Note 1)	2,006,250,000	45.28	2,006,250,000	43.61	2,006,250,000	42.09
Mr. Sun Ho (“Mr. Sun”)	27,078,000	0.61	27,078,000	0.59	27,078,000	0.57
	2,033,328,000	45.89	2,033,328,000	44.20	2,033,328,000	42.66
<i>Fine Bridge International Limited</i>						
(Note 2)	44,876,600	1.01	44,876,600	0.98	44,876,600	0.94
Mr. Bai Jinmin (“Mr. Bai”)	10,316,000	0.23	10,316,000	0.22	10,316,000	0.22
	55,192,600	1.24	55,192,600	1.20	55,192,600	1.16
<i>Mr. Robert Geoffrey Ryan</i>						
(Note 3)	11,070,000	0.25	11,070,000	0.24	11,070,000	0.23
Mr. Liang Yu (Note 3)	8,038,250	0.18	8,038,250	0.17	8,038,250	0.17
<i>Ms. Monica Maria Nunes</i>						
(Note 4)	375,000	0.01	375,000	0.01	375,000	0.01
Mr. Wang Ronghua (Note 4)	2,775,000	0.06	2,775,000	0.06	2,775,000	0.06
Mr. Hua Fengmao (Note 4)	2,605,000	0.06	2,605,000	0.06	2,605,000	0.05
Other directors of the Group (Note 5)	14,650,000	0.33	14,650,000	0.32	14,650,000	0.31
	39,513,250	0.89	39,513,250	0.86	39,513,250	0.83
	2,128,033,850	48.02	2,128,033,850	46.26	2,128,033,850	44.65
<i>Public</i>						
Vendor A	–	0.00	92,229,730	2.00	183,229,730	3.84
Vendor B	–	0.00	76,689,188	1.67	152,355,854	3.20
	–	0.00	168,918,918	3.67	335,585,584	7.04
Other public Shareholders	2,303,065,264	51.98	2,303,065,264	50.07	2,303,065,264	48.31
<b>Total public Shareholders</b>	<b>2,303,065,264</b>	<b>51.98</b>	<b>2,471,984,182</b>	<b>53.74</b>	<b>2,638,650,848</b>	<b>55.35</b>
<b>Total</b>	<b>4,431,099,114</b>	<b>100.00</b>	<b>4,600,018,032</b>	<b>100.00</b>	<b>4,766,684,698</b>	<b>100.00</b>

*Notes:*

1. MAXPROFIT GLOBAL INC is beneficially and wholly owned by Mr. Sun, an executive Director and Chairman & chief executive officer (“CEO”) of the Company.
2. Fine Bridge International Limited is beneficially and wholly owned by HB Resources Investment Limited, which is in turn beneficially and wholly owned by Mr. Bai, an executive Director.
3. These are executive Directors.
4. These are independent non-executive Directors.
5. These include directors of subsidiaries of the Company.

## **INFORMATION ON THE TARGET GROUP**

Set out below is the information relating to the business, shareholding structure and financial information of the Target Group based on the information provided by the Vendors.

### **The Target Group**

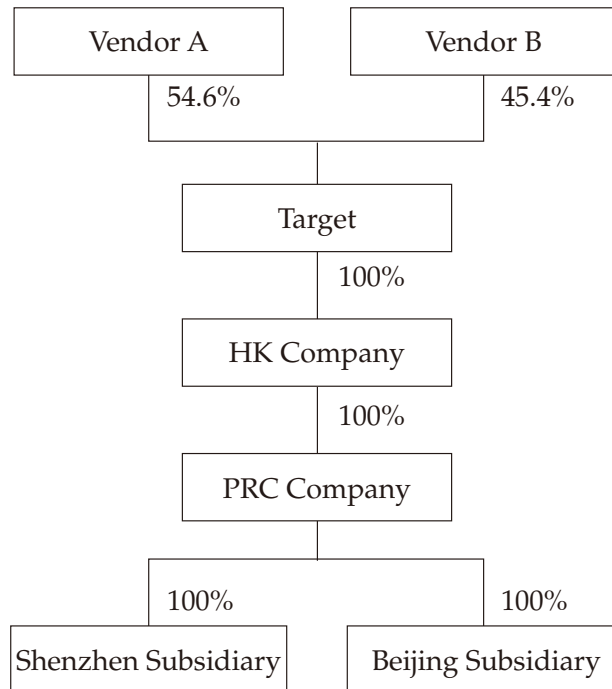
The Target is owned as to 54.6% by Vendor A and 45.4% by Vendor B. The Target is an investment holding company incorporated in the BVI on 25 March 2010 and its principal assets are the entire issued share capital in HK Company, which in turn holds the entire equity interests in PRC Company. Both HK Company and PRC Company are investment holding companies. PRC Company acquired Shenzhen Subsidiary on 27 December 2013 and Beijing Subsidiary on 4 July 2014 respectively and currently holds the entire equity interests in Shenzhen Subsidiary and Beijing Subsidiary.

Shenzhen Subsidiary is principally engaged in the research and development, quality assurance and sale of handheld lottery sales equipment, as well as the provision of aftersales maintenance services of such devices. Over the years, Shenzhen Subsidiary has supplied its products to over 20 provinces, municipalities and autonomous regions in the PRC.

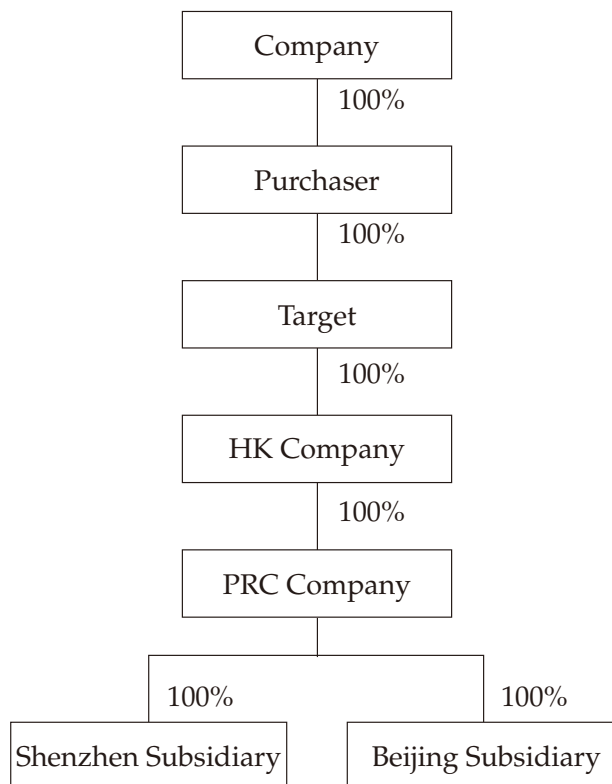
Beijing Subsidiary is principally engaged in the design of lottery games and system development in the PRC. Beijing Subsidiary is currently developing, and seeking to supply to the relevant lottery authority in the PRC, the system and content of a Lottery Game for use on mobile smart phones in the PRC. The application for the approval of the launch of the Lottery Game is currently underway.

## Shareholding structure of the Target Group

(i) As at the date of this announcement:



(ii) Upon Completion:



## Financial information of the Target Group

Except for investment holding, the Target, HK Company and PRC Company had no business operations for each of the two years ended 31 December 2012 and 2013. Shenzhen Subsidiary and Beijing Subsidiary, the two principal operating subsidiaries of the Target, were acquired by PRC Company on 27 December 2013 and 4 July 2014 respectively. For illustrative purpose, set out below is the unaudited financial information of each of Shenzhen Subsidiary and Beijing Subsidiary for each of the two years ended 31 December 2012 and 2013 prepared in accordance with Hong Kong Financial Reporting Standards:

### *Shenzhen Subsidiary*

	<b>For the year ended 31 December 2013</b>		<b>For the year ended 31 December 2012</b>	
	<i>RMB'000</i>	<i>Equivalent to approximately HK\$'000</i>	<i>RMB'000</i>	<i>Equivalent to approximately HK\$'000</i>
Net profit/(loss) before tax	15,847	19,967	(34,037)	(42,887)
Net profit/(loss) after tax	12,714	16,020	(36,079)	(45,460)

### *Beijing Subsidiary*

	<b>For the year ended 31 December 2013</b>		<b>For the year ended 31 December 2012</b>	
	<i>RMB'000</i>	<i>Equivalent to approximately HK\$'000</i>	<i>RMB'000</i>	<i>Equivalent to approximately HK\$'000</i>
Net profit/(loss) before tax	(339)	(427)	65	82
Net profit/(loss) after tax	(342)	(431)	48	60

The unaudited consolidated net asset value of the Target Group (which has consolidated the accounts of Shenzhen Subsidiary acquired on 27 December 2013) as at 30 June 2014 amounted to approximately RMB21.4 million (equivalent to approximately HK\$27.0 million). The unaudited net asset value of Beijing Subsidiary (which was acquired by the Target on 4 July 2014) as at 30 June 2014 was approximately RMB6.4 million (equivalent to approximately HK\$8.1 million).

## REASONS FOR THE ACQUISITION

The Group is principally engaged in (i) the provision of gaming technologies (game software, systems, hardware and terminals); (ii) the provision of lottery management and marketing consultancy services; and (iii) online and mobile lottery distribution. The Group is one of the leading integrated gaming companies in China's lottery market and is a member of the World Lottery Association (WLA) and the Asia Pacific Lottery Association (APLA).



As disclosed in the interim results announcement of the Company for the six months ended 30 June 2014 published on 13 August 2014, the Group is committed to applying international management concepts and advanced technologies to the lottery industry in various areas such as lottery systems, lottery hardware, lottery games, internet and mobile phone distribution and systems, wireless network and streaming media, thereby providing China's lottery authorities and millions of lottery players in China with professional, integrated lottery services. The Directors consider that the Acquisition is in line with the Group's long-term objectives of maintaining a leading position as a lottery technology group in China and providing innovative and competitive legal lottery games to help the government of China to crack down illegal gambling.

After the Acquisition, the Group's online and mobile lottery distribution business will have the opportunity to supply the system and content of the Lottery Game to be played on mobile smart phones in China (subject to approval from the relevant government authority of the PRC), while the hardware division of its gaming technologies business will immediately become a supplier of handheld lottery sales equipment in the PRC, thus significantly diversifying the Group's product range. If Beijing Subsidiary is successful in obtaining the approval of the relevant government authority for the launch of the Lottery Game on mobile smart phones, this new game is expected to be a major growth driver for the Group in the future, complementing existing approved lottery games (i.e. the "Lucky Racing" and "e-Ball" lottery games) launched by the Group. In the hardware division, Shenzhen Subsidiary's handheld lottery sales equipment business will complement the Group's existing market leading sports lottery terminal business, creating a widespread lottery hardware supply and maintenance network across the PRC and further enhancing the Group's competitiveness.

The Directors are of the view that the terms of the Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

## **GEM LISTING RULES IMPLICATIONS**

The Acquisition constitutes a major transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to the approval of the Shareholders by way of poll. The SGM will be convened and held for the purpose of considering and, if thought fit, approving the resolution(s) in respect of the Acquisition and the transactions contemplated under the Agreement (including but not limited to the issue of the Consideration Shares and Bonus Options to the Vendors).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition which is different from other Shareholders, and therefore no Shareholder is required to abstain from voting on the relevant resolution(s) to be proposed at the SGM in relation to the Agreement and the transactions contemplated thereunder.

## **GENERAL**

A circular containing, among other things, details of the Agreement, financial information of the Group and the Target Group, the unaudited pro forma financial information of the Group assuming Completion, the notice convening the SGM and other information as required under the GEM Listing Rules will be despatched to the Shareholders. As time is required for preparing the aforesaid financial information to be included in the circular, the circular is expected to be despatched to the Shareholders on or before 8 December 2014.

## **DEFINITION**

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“Acquisition”	the proposed acquisition of the Sale Shares by the Purchaser from the Vendors pursuant to the Agreement
“Agreement”	the conditional sale and purchase agreement dated 17 November 2014 entered into among the Purchaser, the Company, the Vendors and the Target in relation to the Acquisition
“Beijing Subsidiary”	Beijing MTC Creative Mind Tech Co., Ltd., a direct wholly-owned subsidiary of PRC Company
“Board”	the board of Directors
“Bonus Options”	the options to be granted by the Company to the Vendors upon fulfilment of certain milestone conditions under the Agreement, entitling the Vendors to subscribe for up to 166,666,666 new Shares at a subscription price of HK\$1.8 per Option Share within a two-year exercise period from the date of their grant
“Business Day(s)”	any day(s) except Saturday, Sunday or holiday by law in the PRC
“BVI”	the British Virgin Islands
“Company”	AGTech Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on GEM (stock code: 8279)
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Agreement
“Completion Date”	the date on which Completion takes place
“connected persons”	has the meaning ascribed to it under the GEM Listing Rules

“Consideration”	the aggregate consideration for the Acquisition, including the Initial Consideration and the Deferred Consideration
“Consideration Shares”	the new Shares to be issued by the Company at the Issue Price to settle part of the Consideration for the Sale Shares
“Deferred Consideration”	the deferred consideration of up to HK\$300.0 million (subject to downward adjustment) to be paid by the Purchaser or the Company to the Vendors, as more particularly described in the paragraph headed “The Consideration” in this announcement
“Director(s)”	director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK Company”	Sincere Honor Holdings Limited, a company incorporated in Hong Kong and a direct wholly-owned subsidiary of the Target
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Initial Consideration”	the initial consideration of HK\$189.5 million to be paid by the Purchaser or the Company to the Vendors, as more particularly described in the paragraph headed “The Consideration” in this announcement
“Issue Price”	the issue price of HK\$1.48 per Consideration Share
“Lottery Game”	a lottery game for use on mobile smart phones and to be supplied by Beijing Subsidiary to the relevant lottery authority of the PRC (subject to the final approval of the relevant government authority of the PRC)
“Macau”	the Macau Special Administrative Region of the PRC
“Option Shares”	the new Shares to be issued upon exercise of the Bonus Options
“PRC” or “China”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, Macau and Taiwan
“PRC Company”	Shenzhen Sincere Honor Technology Company Limited, a company established in the PRC and a direct wholly-owned subsidiary of HK Company

“Purchaser”	Silvercreek Technology Holdings Limited, a company incorporated in the BVI and a wholly-owned subsidiary of the Company
“Sale Shares”	50,000 issued shares of the Target with par value of US\$1.00 each, representing the entire equity interest in the Target
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.002 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Shenzhen Subsidiary”	Shenzhen Zoom Read Tech Co., Ltd., a direct wholly-owned subsidiary of PRC Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Score Value Limited, a company incorporated in the BVI with limited liability, the entire equity interest of which are owned as to 54.6% by Vendor A and 45.4% by Vendor B
“Target Group”	the Target and its subsidiaries
“Vendor A”	Immense Wisdom Limited, a company incorporated in the BVI with limited liability and holds a 54.6% equity interest in the Target
“Vendor B”	King Achieve Limited, a company incorporated in the BVI with limited liability and holds a 45.4% equity interest in the Target
“Vendors”	Vendor A and Vendor B
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

“US\$” United States dollars, the lawful currency of the United States of America

“%” per cent.

By order of the Board  
**AGTech Holdings Limited**  
**Sun Ho**  
Chairman & CEO

Hong Kong, 17 November 2014

*For illustration purposes only, amounts denominated in Renminbi in this announcement have been translated into Hong Kong dollars at an exchange rate of RMB1 = HK\$1.26.*

*As at the date of this announcement, the Board comprises (i) Mr. Sun Ho, Mr. Robert Geoffrey Ryan, Mr. Bai Jinmin and Mr. Liang Yu as executive Directors; (ii) Mr. Ho King Fung, Eric as non-executive Director; and (iii) Ms. Monica Maria Nunes, Mr. Wang Ronghua and Mr. Hua Fengmao as independent non-executive Directors.*

*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 Announcement” page of the GEM website operated by the Stock Exchange at [www.hkgem.com](http://www.hkgem.com) for at least seven days from the day of its posting and will be published on the website of the Company at [www.agtech.com](http://www.agtech.com).*

\* *For identification purposes only*