



# AGTech Holdings Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 8279

## INTERIM REPORT 2015

FORTUNE



HEALTH



HAPPINESS



LUCK



RESPONSIBILITY



## **CHARACTERISTICS OF GEM**

**GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, 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 report.*

*This report, 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 report 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 report misleading.*

## FINANCIAL HIGHLIGHTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

- Total revenue of the Group for the Six-Month Period amounted to approximately HK\$101.1 million (2014: approximately HK\$69.4 million). Most of the revenue was derived from gaming technologies (game software, systems, hardware and terminals) business and provision of sports lottery management and marketing consultancy services in the PRC. The increase in revenue was attributable to the sales of newly added hardware and technical services.
- Loss attributable to owners of the Company for the Six-Month Period amounted to approximately HK\$54.6 million (2014: approximately HK\$88.9 million), primarily due to share-based payments totalling approximately HK\$31.2 million (2014: approximately HK\$64.1 million) as a result of the share options of the Company granted to Directors, eligible employees and other eligible participants under the Share Option Scheme, and other major expenses including staff costs, office costs and research and development costs in line with the organic growth of the Group's business and as a result of the consolidation of the expenses of Score Value following completion of its acquisition on 8 January 2015.
- The Board does not recommend the payment of an interim dividend for the Six-Month Period.



## INTERIM RESULTS

The Board announces the unaudited consolidated results of the Group for the three months ended 30 June 2015 (the “Three-Month Period”) and the six months ended 30 June 2015 (the “Six-Month Period”), together with the comparative unaudited figures for the corresponding period in 2014 as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the three months and six months ended 30 June 2015

	Notes	Three months ended 30 June		Six months ended 30 June	
		2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Revenue	2	52,580	43,697	101,111	69,441
Cost of sales and services		(38,577)	(22,964)	(72,246)	(36,416)
Gross profit		14,003	20,733	28,865	33,025
Investment and other income		3,898	1,660	5,081	1,965
Selling and administrative expenses		(25,180)	(27,587)	(56,448)	(56,764)
Loss from business operations		(7,279)	(5,194)	(22,502)	(21,774)
Share-based payments		(8,889)	(35,056)	(31,158)	(64,085)
Net foreign exchange (loss)/gain		(1)	7	(11)	18
Amortisation of other intangible assets		(120)	(118)	(239)	(237)
Finance costs		(6)	–	(6)	–
Loss before tax		(16,295)	(40,361)	(53,916)	(86,078)
Income tax expense	3	(2,029)	(635)	(2,395)	(1,356)
<b>Loss for the period</b>	4	<b>(18,324)</b>	<b>(40,996)</b>	<b>(56,311)</b>	<b>(87,434)</b>
Loss attributable to:					
Owners of the Company		(17,326)	(42,942)	(54,598)	(88,871)
Non-controlling interests		(998)	1,946	(1,713)	1,437
		<b>(18,324)</b>	<b>(40,996)</b>	<b>(56,311)</b>	<b>(87,434)</b>
<b>Loss per share</b>					
Basic and diluted	5	<b>HK 0.385 cent</b>	HK 0.978 cent	<b>HK 1.215 cents</b>	HK 2.030 cents



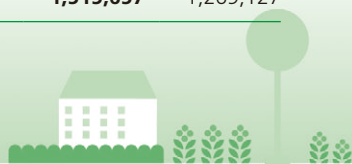
	Three months ended		Six months ended	
	30 June		30 June	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period	<b>(18,324)</b>	(40,996)	<b>(56,311)</b>	(87,434)
<b>Other comprehensive income, net of income tax</b>				
Translation differences on translating foreign operations	<b>6,145</b>	329	<b>(1,586)</b>	(8,945)
<b>Total comprehensive income for the period</b>	<b>(12,179)</b>	(40,667)	<b>(57,897)</b>	(96,379)
Total comprehensive income attributable to:				
Owners of the Company	<b>(11,183)</b>	(42,617)	<b>(56,194)</b>	(97,760)
Non-controlling interests	<b>(996)</b>	1,950	<b>(1,703)</b>	1,381
	<b>(12,179)</b>	(40,667)	<b>(57,897)</b>	(96,379)



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

		<b>Unaudited</b>	Audited
		<b>As at</b>	As at
		<b>30 June</b>	31 December
		<b>2015</b>	2014
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Non-current assets</b>			
Property, plant and equipment		<b>14,685</b>	15,182
Investment property		<b>54,391</b>	54,343
Goodwill		<b>1,177,848</b>	793,618
Other intangible assets		<b>1,981</b>	2,219
Investment in a joint venture		<b>646</b>	646
Deposits and prepayments		<b>15,198</b>	20,746
Other assets		<b>1,796</b>	1,795
Deferred tax assets		<b>6,141</b>	6,227
		<b>1,272,686</b>	894,776
<b>Current assets</b>			
Inventories		<b>81,436</b>	25,291
Trade receivables	6	<b>31,273</b>	31,071
Other receivables, deposits and prepayments		<b>79,371</b>	68,810
Amount due from a joint venture		<b>8</b>	8
Fixed deposit held at bank with original maturity over three months		–	37,914
Pledged bank deposits	7	<b>15,628</b>	2,976
Bank balances and cash		<b>166,357</b>	274,710
		<b>374,073</b>	440,780
<b>Current liabilities</b>			
Trade payables	8	<b>41,591</b>	26,082
Accruals and other payables		<b>75,301</b>	39,283
Amount due to a joint venture		<b>650</b>	650
Secured bank borrowing	9	<b>11,640</b>	–
Current tax liabilities		<b>1,920</b>	414
		<b>131,102</b>	66,429
<b>Net current assets</b>		<b>242,971</b>	374,351
<b>Total assets less current liabilities</b>		<b>1,515,657</b>	1,269,127



	<b>Unaudited</b>	Audited
	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Non-current liabilities		
Provision for warranties	<b>41,995</b>	41,514
Deferred tax liabilities	<b>5,709</b>	5,706
Deferred consideration	<b>162,944</b>	–
	<b>210,648</b>	47,220
Net assets	<b>1,305,009</b>	1,221,907
Capital and reserves		
Share capital	<b>9,036</b>	8,880
Reserves	<b>1,294,609</b>	1,209,960
Equity attributable to owners of the Company	<b>1,303,645</b>	1,218,840
Non-controlling interests	<b>1,364</b>	3,067
Total equity	<b>1,305,009</b>	1,221,907



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the Six-Month Period

Attributable to owners of the Company

	Share capital	Share premium	Share options reserve	Statutory reserve	Exchange reserve	Contributed surplus	Property revaluation reserve	Other reserve	Accumulated losses	Subtotal	Attributable to non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2014	8,698	1,390,983	66,696	13,863	197,591	47,191	-	-	(490,934)	1,234,088	1,291	1,235,379
Loss for the period	-	-	-	-	-	-	-	-	(88,871)	(88,871)	1,437	(87,434)
Other comprehensive income for the period	-	-	-	-	(8,889)	-	-	-	-	(8,889)	(56)	(8,945)
Total comprehensive income for the period	-	-	-	-	(8,889)	-	-	-	(88,871)	(97,760)	1,381	(96,379)
Recognition of equity-settled share-based payments	-	-	64,676	-	-	-	-	-	-	64,676	-	64,676
Shares issued on exercise of part of share options	85	20,020	(5,074)	-	-	-	-	-	-	15,031	-	15,031
Lapse of share options	-	-	(701)	-	-	-	-	-	110	(591)	-	(591)
Transfer to accumulated losses	-	-	-	(57)	-	-	-	-	57	-	-	-
<b>Balance at 30 June 2014</b>	<b>8,783</b>	<b>1,411,003</b>	<b>125,597</b>	<b>13,806</b>	<b>188,702</b>	<b>47,191</b>	<b>-</b>	<b>-</b>	<b>(579,638)</b>	<b>1,215,444</b>	<b>2,672</b>	<b>1,218,116</b>
Balance at 1 January 2015	8,881	1,428,088	193,144	15,261	192,982	47,191	14,402	-	(681,109)	1,218,840	3,067	1,221,907
Loss for the period	-	-	-	-	-	-	-	-	(54,598)	(54,598)	(1,713)	(56,311)
Other comprehensive income for the period	-	-	-	-	(1,596)	-	-	-	-	(1,596)	10	(1,586)
Total comprehensive income for the period	-	-	-	-	(1,596)	-	-	-	(54,598)	(56,194)	(1,703)	(57,897)
Recognition of equity-settled share-based payments	-	-	48,397	-	-	-	-	-	-	48,397	-	48,397
Issuance of consideration shares	67	30,337	-	-	-	-	-	-	-	30,404	-	30,404
Shares issued on exercise of part of share options	88	24,730	(6,191)	-	-	-	-	-	-	18,627	-	18,627
Lapse of share options	-	-	(24,565)	-	-	-	-	-	7,326	(17,239)	-	(17,239)
Reserve for deferred consideration	-	-	-	-	-	-	-	60,810	-	60,810	-	60,810
Transfer to accumulated losses	-	-	-	(1)	-	-	-	-	1	-	-	-
<b>Balance at 30 June 2015</b>	<b>9,036</b>	<b>1,483,155</b>	<b>210,785</b>	<b>15,260</b>	<b>191,386</b>	<b>47,191</b>	<b>14,402</b>	<b>60,810</b>	<b>(728,380)</b>	<b>1,303,645</b>	<b>1,364</b>	<b>1,305,009</b>





## CONDENSED CONSOLIDATED CASH FLOW (UNAUDITED)

For the Six-Month Period

	Six months ended	
	30 June	
	2015	2014
	HK\$'000	HK\$'000
Net cash (used in)/generated by operating activities	<b>(59,856)</b>	(56,150)
Net cash used in investing activities	<b>(78,939)</b>	(1,423)
Net cash generated by financing activities	<b>30,265</b>	15,032
Net (decrease)/increase in cash and cash equivalents	<b>(108,530)</b>	(42,541)
Cash and cash equivalents at the beginning of the period	<b>274,710</b>	286,531
Effect of foreign exchange rate changes	<b>177</b>	(4,877)
Cash and cash equivalents at the end of the period	<b>166,357</b>	239,113
Analysis of balances of cash and cash equivalents		
Bank balances and cash	<b>166,357</b>	239,113

Notes:

### 1. BASIS OF PREPARATION OF THE ACCOUNTS

The unaudited condensed consolidated accounts have been prepared in accordance with Hong Kong Accounting Standard 34, "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the requirements of GEM Listing Rules.

The condensed consolidated accounts have not been audited by the Company's auditors, but have been reviewed and commented on by the Company's audit committee. The principal accounting policies and methods of computation used in preparing these results are consistent with those used in preparing the Group's audited financial statements for the year ended 31 December 2014.

HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (the "new and revised HKFRS"). The Group has not early adopted the new and revised HKFRS that have been issued but are not yet effective, the Group is in the process of assessing the impact of these new and revised HKFRS on the financial performance and financial position of the Group.



## 2. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable from gaming technologies (game software, systems, hardware and terminals) business and provision of sports lottery management and marketing consultancy services in the PRC during the Three-Month Period and the Six-Month Period and is analysed as follows:

	Three months ended		Six months ended	
	30 June		30 June	
	2015	2014	2015	2014
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Provision of gaming technologies (game software, systems, hardware and terminals)	<b>52,349</b>	39,681	<b>97,196</b>	62,565
Provision of sports lottery management and marketing consultancy services	<b>231</b>	4,016	<b>3,915</b>	6,876
	<b>52,580</b>	43,697	<b>101,111</b>	69,441

The Group's revenue and assets were mainly derived from and related to the lottery business in the PRC while other segments were immaterial. Hence, no geographical segment information is presented.

## 3. INCOME TAX EXPENSE

Income tax expense for the Three-Month Period and Six-Month Period represents PRC Enterprise Income Tax.



#### 4. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging/(crediting):

	Three months ended		Six months ended	
	30 June		30 June	
	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000
Cost of inventories recognised				
as expenses	29,993	14,545	56,272	22,534
Provision for warranties	5,947	4,672	10,177	6,586
Share-based payments	8,889	35,056	31,158	64,085
Amortisation of other				
intangible assets	120	118	238	238
Depreciation of property,				
plant and equipment	2,350	2,824	4,652	5,386
Bank interest income	(1,649)	(1,439)	(1,954)	(1,706)
Finance costs	6	–	6	–
Operating lease rentals in				
respect of rented premises	4,442	3,772	8,693	8,578
Research and development costs	(179)	2,066	5,436	4,144
Staff cost (including Directors' remunerations)	11,631	10,145	23,475	20,069

#### 5. LOSS PER SHARE

The calculation of basic and diluted loss per Share for the Three-Month Period and the Six-Month Period is based on the unaudited loss attributable to owners of the Company (in HK\$'000) of HK\$17,326 and HK\$54,598 respectively (for the three months and six months ended 30 June 2014 (in HK\$'000): net loss of HK\$42,942 and HK\$88,872 respectively), and the weighted average number of 4,505,516,971 Shares and 4,493,065,800 Shares in issue during the Three-Month Period and the Six-Month Period respectively (for the three months and six months ended 30 June 2014: 4,389,990,842 Shares and 4,378,367,823 Shares in issue respectively).

The computation of the diluted loss per Share does not assume the exercise of the Company's share options as the exercise would decrease the loss per Share for both periods.



## 6. TRADE RECEIVABLES

As at 30 June 2015, the ageing analysis of the Group's trade receivables (based on the terms of the related contracts or the invoice/delivery date) is as follows:

	<b>As at 30 June 2015 HK\$'000</b>	As at 31 December 2014 HK\$'000
0 to 30 days	<b>22,233</b>	19,135
31 to 60 days	<b>435</b>	–
61 to 90 days	<b>1,411</b>	6,793
91 to 120 days	<b>4,480</b>	–
121 to 365 days	<b>2,714</b>	3,116
Over 365 days	–	2,027
	<b>31,273</b>	31,071

## 7. PLEDGED BANK DEPOSITS

As at 30 June 2015, pledged bank deposits represent deposits pledged with banks to secure a letter of guarantee in respect of a sales contract with a customer and a new bank loan. The pledged bank deposits will be released upon release of the said letter of guarantee and repayment of the bank loan in full.

## 8. TRADE PAYABLES

The following is an analysis of trade payables by age based on the invoice date:

	<b>As at 30 June 2014 HK\$'000</b>	As at 31 December 2014 HK\$'000
0 to 30 days	<b>37,468</b>	25,550
31 to 60 days	<b>374</b>	–
61 to 90 days	–	21
91 to 120 days	<b>3,281</b>	454
121 to 365 days	–	–
Over 365 days	<b>468</b>	57
	<b>41,591</b>	26,082

## 9. SECURED BANK BORROWING

During the Six-Month Period, the Group obtained a new bank loan of approximately HK\$11.6 million, which is secured by pledge of the Group's bank deposit, carries at a fixed interest rate of 3.21875% per annum and is repayable on or before 3 June 2016. The loan is used to finance the acquisition of Score Value as disclosed in the Circular.



## ACQUISITION OF SUBSIDIARIES

On 8 January 2015, the Group completed the acquisition of a 100% equity interest in Score Value. The results of the Score Value Group have been consolidated into the Group since then. The operating subsidiaries of Score Value are 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; and in the design of lottery games and system development in the PRC.

### Considerations transferred and to be transferred:

	<i>HK\$'000</i>
(a) Initial consideration paid:	
• in cash	<b>109,125</b>
• by way of consideration shares (being 33,783,783 Shares valued at the published closing price of HK\$0.90 per Share as quoted on the Stock Exchange on 8 January 2015)	<b>30,405</b>
(b) Deferred consideration payable:	
• in cash in respect of profit guarantees provided by vendors of Score Value ("Profit Guarantees")	<b>50,000</b>
• by way of consideration shares in respect of the Profit Guarantees (being 33,783,784 Shares valued at the published closing price of HK\$0.90 per Share as quoted on the Stock Exchange on 8 January 2015)	<b>30,405</b>
• in cash in respect of other deferred consideration	<b>50,000</b>
• by way of consideration shares in respect of other deferred consideration (being 101,351,351 Shares valued at the published closing price of HK\$0.90 per Share as quoted on the Stock Exchange on 8 January 2015)	<b>91,216</b>
(c) Contingent consideration payable by way of bonus options (being the fair value of the bonus options assessed as at 8 January 2015 using the binomial model (see Note (i) below))	<b>52,133</b>
	<b>413,284</b>



Note (i):

The valuation of the bonus options has been undertaken by using the binomial model, of which significant inputs are as follows:

Number of Shares to be issued upon exercise of the bonus options in full	166,666,666
Closing price per Share as quoted on the Stock Exchange on 8 January 2015	HK\$0.9000
Exercise price	HK\$1.8000
Expected volatility	69.75%
Effective life of the bonus options	3.85 years
Risk-free interest rate	1.131%
Dividend yield	Nil

Assets acquired and liabilities recognised at the date of acquisition (i.e. the date of completion of such acquisition on 8 January 2015) are as follows:

	<b>HK\$'000</b>
<b>Non-current assets</b>	
Property, plant and equipment	<b>1,752</b>
<b>Current assets</b>	
Inventories	<b>30,777</b>
Trade receivables	<b>25</b>
Other receivables, deposits and prepayments	<b>1,479</b>
Amount due from a related party	<b>378</b>
Bank balances and cash	<b>53,368</b>
<b>Current liabilities</b>	
Trade payables	<b>(24,671)</b>
Accruals and other payables	<b>(32,294)</b>
Current tax liabilities	<b>(1,069)</b>
<b>Net assets</b>	<b>29,745</b>
<b>Goodwill arising on acquisition:</b>	
Considerations transferred and to be transferred	<b>413,284</b>
Less: net assets acquired	<b>(29,745)</b>
<b>Goodwill</b>	<b>383,539</b>
<b>Net cash outflow arising on acquisition:</b>	
Consideration paid in cash	<b>109,125</b>
Less: cash and cash equivalents acquired	<b>(53,368)</b>
	<b>55,757</b>



## DIVIDEND

The Board does not recommend the payment of an interim dividend for the Six-Month Period (2014: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### About the Group

The Group is the leading integrated gaming company in China's lottery market.

The Group is principally engaged in (i) gaming technologies (game software, systems, hardware and terminals); (ii) online and mobile lottery; and (iii) lottery management. 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 smart phone systems and distribution, wireless network and streaming media, thereby providing China's lottery authorities and millions of lottery players in China with professional, integrated lottery services.

Over the past eight years, the Group has demonstrated a strong track record of delivery, successfully building a uniquely balanced, complementary suite of businesses that now occupy leading positions in the key verticals of the Chinese lottery market. This growth is testament to the quality and depth of the Group's relationships with industry regulators at both a national and provincial level, as well as the quality of its management, employees, technology and partners.

Through Asia Gaming Technologies Limited (AGT) and its subsidiaries, the Group's joint venture with Ladbroke Group, the Group has developed and successfully launched China's only Ministry of Finance-approved virtual fixed odds sports betting system as well as its first games, "Lucky Racing" and "e-Ball Lottery".

The Group has a team of over 200 professionals and the footprint of its lottery business now covers over 80% of the provinces and municipalities across China. The Group is a member of the World Lottery Association (WLA) and the Asia Pacific Lottery Association (APLA).



## Corporate Strategy and Objectives

Our long-term objectives are to maintain a leading position as a lottery technology group in China and to provide innovative and competitive legal lottery games to help the Chinese government to crack down on illegal gambling. We will continue to support both of China's legal lottery operators, namely the Welfare Lottery and the Sports Lottery, in this respect. In order to achieve these objectives, we are committed to bringing together international and domestic industry expertise, technologies, management, skills and infrastructure into the Chinese lottery markets both through the existing and any new remote channels. Our Group has been working with various world-renowned strategic partners in these efforts for many years.

## Industry Overview

According to information published by the Ministry of Finance of the PRC, during the first six months of the year, the lottery market recorded sales of approximately RMB187.7 billion, an increase of approximately 5.2% compared to the corresponding period in 2014 (versus 19.2% growth in the same period last year). Of this, Sports Lottery amounted to approximately RMB84.8 billion (accounting for 45.2% of total lottery sales), an increase of approximately 6.2% year on year. The Welfare Lottery achieved sales of approximately RMB102.8 billion (54.8% of total lottery sales), an increase of approximately 4.4% against the corresponding period in 2014.

The sales growth trend for the first six months of the year masks a dramatic reversal in the rate of growth during the period. During 2015, the combined year on year growth rates of the sports and welfare lotteries have fallen from 35.8% in January and February to -5.8% for the period March to June. The sharp reduction in sales is attributable to the strong and decisive action taken by the authorities to prohibit all remote lottery ticket sales activity and which came into effect in early March. This enforcement is ongoing and is seen as a precursor to a more clearly regulated operation, management and distribution model. In the internet and mobile channels, it is expected that selected lottery products will gain approvals for trial sales in certain provinces.

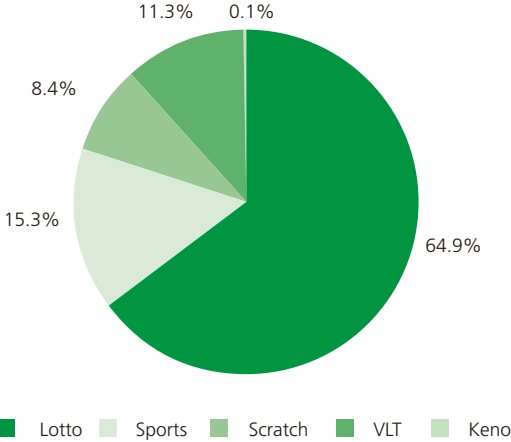




The Welfare Lottery and the Sports Lottery have five main product categories: lotto type lottery game product that are either traditional in nature with a daily or weekly draw pattern as well as modern high frequency games featuring multiple draws per hour ("Lotto"), sport betting ("Sports"), video lottery terminals ("VLT"), keno type game product ("Keno") and instant scratch cards ("Scratch").

*Product review*

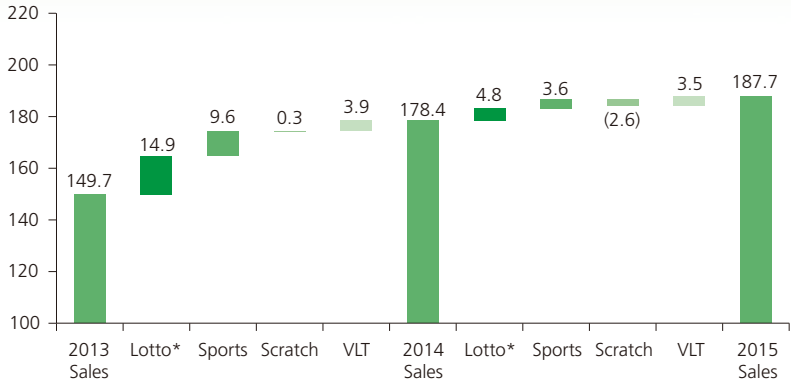
**Market Share of Sales by Product (H1 2015)**



Source: PRC Ministry of Finance



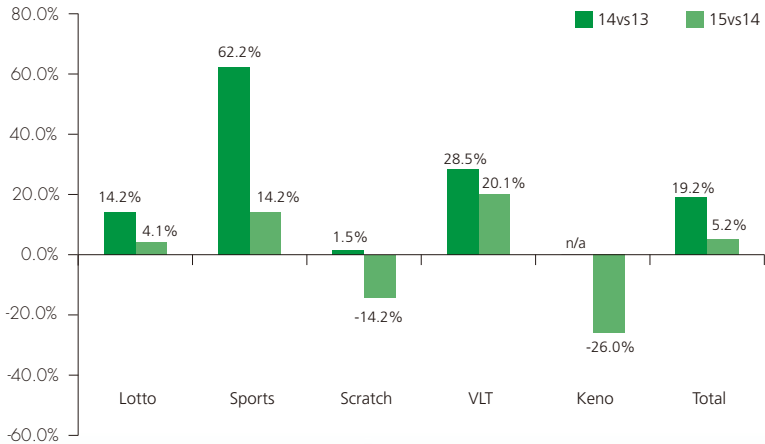
### China Lottery Sales Bridge H1 2013 – H1 2015 (RMB billion)



\* Lotto includes Keno (de minimus sales volumes)

Source: PRC Ministry of Finance

### China Lottery Sales Year on Year Growth Comparison by Product (H1 2015 vs. H1 2014)



Source: PRC Ministry of Finance



Lotto remains the largest product in the China market representing 64.9% of sales in the period. Growth of sales of Sports has suffered due to the enforcement of the remote sales regulations in early March 2015 as well as the absence of the 2014 FIFA World Cup during the period. While VLT continued to enjoy steady and strong growth during the period, Scratch and Keno showed continued weakness.

## **Business Review**

During the first half of 2015, the Group recorded an increase in sales of approximately 46%. The growth in sales is attributable to the contribution of the hardware manufacturer, Zoom Read. Zoom Read was acquired by the Group during the period under review. The Group's overall gross profit margin percentage declined from approximately 47.6% in the first half of 2014 to approximately 28.5% in the period under review due to competition in the market.

In the coming quarters we expect to see a significant breakthrough in terms of business development including promotion activities of "Lucky Racing" in several provinces, the increased sales of "e-Ball" in Jiangsu through further marketing activity enhancement and the expected significant development in smart phone and remote channels.

## **Lottery Game and System**

### *Virtual Sports Betting*

During the first half of the year, the Group continued to supply its virtual sports lottery games "e-Ball Lottery" ("e球彩") and "Lucky Racing" ("幸運賽車") to the launch provinces of Jiangsu and Hunan respectively. The e-Ball Lottery game is a football themed virtual sports lottery game with a 69% payout ratio and is only the second Ministry of Finance approved, rapid draw, fixed-odds virtual sports lottery game in China following the Group's Lucky Racing. e-Ball Lottery is live in China's largest Sports Lottery province and has been approved by the National Sports Lottery Administration Centre as a sports betting game. The first eighteen months of e-Ball operations went smoothly. In close cooperation with our customer and the relevant lottery authorities in China, we are continually optimising the game and we are encouraged by the potential of this game. Like Lucky Racing, we expect that e-Ball Lottery will roll out to more provinces in China in due course. Virtual sports lottery has become a high growth and diversified game category and it is fully accepted by China's market.



Lucky Racing, e-Ball Lottery and the underlying betting transaction system on which these games run are supplied by AGT, the Group's majority-owned joint venture with Ladbroke Group (a world leader in sports betting and gaming, based in the United Kingdom). The games are virtual sports lottery games that are broadcast to lottery shops via a central computer and cable television, allowing customers to bet on computer generated car races or football matches respectively. The betting options are like those typically offered for live car racing or live football matches in other countries.

Lucky Racing has become a very popular lottery game in Hunan Sports Lottery. Our technical partners at the Sports Lottery have completed the technical preparation work of the national high frequency game platform and have satisfied the technical requirements necessary to carry our Lucky Racing game to other provinces beyond Hunan and we target the game to be supplied to more province(s) in China in the relatively near future.

To date, Lucky Racing and e-Ball Lottery have been successfully launched in traditional dedicated Sports Lottery shops and the games are targeted to be deployed to more province(s) via this channel. In addition, in due course, the games could be deployed in selected leisure venues (such as coffee shops and restaurants) and, as approved lottery products, the games have the potential to expand nationwide through other remote channels such as mobile and internet.

### ***Other Lottery Game Categories***

The Group has a reserve of rich and attractive lottery game content in various product categories that fulfill the demand of the lottery market and the lottery players. The Group works with international partners for research and development of various types of self-developed, creative and new lottery games that are suitable to cater for the evolving market demand. These include different types of virtual sports betting lottery games which simulate "real life" sports, by means of portable terminal equipment such as mobile phone, and use both traditional lottery games as their foundation as well as self-developed innovative lottery game concepts.

### ***Gaming Hardware and Technology Development***

Through GOT and the recently acquired Zoom Read, AGTech's hardware division supplies 29 provinces, cities and municipalities in China with lottery hardware. Zoom Read is a leading manufacturer and supplier of paper scratch card sales hardware in China while GOT is a leading manufacturer and supplier of lottery terminals to China's sport lottery market.



During the period under review, the subsidiary of the Company, GOT, recorded another significant milestone by being selected as an authorised instant verification terminals (“IVT(s)”) supplier by the National Sports Lottery Administration Centre of the PRC (the “NSLAC”). IVT is a handheld data collection device which is a critical component in the printed instant scratch card business. It provides various functions with respect to instant scratch cards including the collection and transmission of logistics data as well as the collection and verification of sales and rewards data. There are presently approximately 90,000 IVT devices deployed in the China Sports Lottery market. The admission test and supplier qualification evaluation for IVTs were organised by the NSLAC to, for the first time, publicly select qualified nationwide equipment suppliers for the supply of IVTs. According to the requirements of the NSLAC, any future addition and/or replacement of IVTs shall only be supplied by the selected IVT suppliers which have passed the admission test, and this requirement applies to all sports lottery administration centres in all provinces, autonomous regions and municipalities across the country. This development is of great significance in GOT’s continuous effort to increase its product lines and further broaden its product diversification.

The first half of 2015 has seen relatively weak ordering in the lottery hardware market in China. However, it is anticipated that the slow pace of ordering will be a temporary feature and we anticipate that ordering will catch up during the balance of the year. We are continuing to pursue international opportunities for our hardware and currently the Group is in active discussions with a number of potential international customers and/or distributors and we have machines live or on trial in markets such as South Africa, Cyprus, the United Kingdom, Italy, Austria and Canada.

In relation to the Group’s hardware business division, in addition to the on-going provision of existing products, the Group continues with research and development of new products based on market demand and aims to grow its share in the domestic market while actively expanding its international market.

### **Online and Mobile Lottery Distribution Business**

To date, in line with the relevant lottery regulations, the Group has not conducted any online lottery sales or maintained any website to conduct such sales. However, the Group continues to closely monitor policy developments with respect to the government approval of lottery sales via internet and mobile.



In the internet channel, the authorities are working on a national (as opposed to provincial) internet distribution system. It is anticipated that sales of the Group's approved games, Lucky Racing and e-Ball Lottery, are likely to benefit strongly when such a system is introduced.

With respect to mobile smart phones, as evidenced by the recent Ministry of Finance relevant policies, China's lottery market has started to activate the trial sale of new types of mobile phone lottery games in various provinces. The Group is well positioned to actively participate in this market in various aspects.

With the Group's valuable PRC internet service provider and PRC internet content provider experience, as well as its excellent business track record and relationship, the Group has established close cooperation with the most advanced international companies and is committed to providing a full range of support and services to localise and develop China's mobile lottery systems and games.

### **Lottery Management Business**

Over many years of its successful operation, the track record of our Lottery Management Business as a reliable supplier of quality lottery products and services to the provincial Sports Lottery authorities in China has been a key enabler of the Group's strategy, cementing the Group's first class relationships and reputation across the country.

The Group's Lottery Management Business is performing in-line with expectations. Looking forward, in view of the Group's transition to a professional and integrated lottery service provider, it is expected that the proportion of revenue contributed by the Lottery Management division will be modest. However, in light of the Group's valuable experience, solid background as well as its trusting cooperative relationships built up with various provincial lottery administration and distribution authorities through the existing Lottery Management Business, together with new lottery technologies/terminals to be introduced and new developments in the new internet/mobile channel business, it is possible that new opportunities in the Lottery Management business will emerge. We are currently exploring and building new business co-operations and business models in this area.



## Business Outlook

The Directors are pleased with the strategic progress so far this year and expect to see significant regulatory progress in the China lottery industry during the second half of the year. China's lottery industry will introduce relevant laws and regulations (particularly on internet and mobile distribution) which will further regulate and professionalise lottery supervision. Based on accurate interpretation of national regulations and policies, the Group has successfully grasped industry trends and consistently formulated its long-term and stable strategic positioning and business development strategies over many years. We believe that, following the regulatory evolution of the Chinese lottery industry and relying upon the Group's competitive advantages formed in game development and channel construction, the Group will achieve a significant breakthrough in business development.

Earlier this year, the "National Football Reform Overall Plan" was passed by China's Central Leading Group for Comprehensively Deepening Reforms. This development positions the sport of football in the overall social economy development plan of China and is expected to bring material benefits to football-related industries, including the sports lottery industry. In particular, it is proposed that the direction of the plan is "the proactive research and development on the issuance of football lottery relating to betting on the China Football Super League". This will enhance the status of sports betting lottery in terms of policy. Thanks to the Group's strengths in advanced and creative lottery game system and content development, we expect to be able to grasp the opportunities brought about by the forthcoming evolution in the sports industry and actively promote various virtual sports lottery games including "Lucky Racing" and "e-Ball Lottery".

In the area of remote (i.e. online and mobile) lottery ticket distribution, we anticipate that there will be a more clearly regulated operation management and distribution model. In the online and mobile sales channel, the Group is well positioned, in the fullness of time, to supply the related system and content technology to one or more of the first-mover provinces (subject to the relevant approvals).

With respect to retail lottery stores, with the 2014 FIFA World Cup now behind us, the Directors anticipate an increasing urgency within the Sports Lottery market. Taken together with the completion of the Sports Lottery's national high frequency game platform, this bodes very well for the Group's approved proprietary games Lucky Racing and e-Ball Lottery as well as its pipeline of planned new products.



Finally, on the topic of hardware, with our leading positions in both point of sale and handheld scratch card hardware as well as our first class international partnerships and long track-record in the China lottery market, we believe that AGTech will take advantage of new opportunities in hardware.

Taken together with the continuing underlying multi-year revenue growth of the lottery business in China, the multiple potential areas of expansion outlined above suggest a very positive outlook for the Group for the remainder of 2015 and beyond.

Looking ahead, the Group will continue to explore new business opportunities and forge more strategic business alliances with a view to increasing its sales and profitability and ultimately to maximising returns for Shareholders. The Directors strongly believe that the solid business foundations, strong customer and government relationships as well as the quality of international gaming partnerships enjoyed by the Group, ideally position it to reach new heights when market opportunities emerge in the rapidly growing regulated lottery industry in China.

### **Financial Performance Review**

Revenue of the Group for the Six-Month Period amounted to approximately HK\$101.1 million (2014: approximately HK\$69.4 million). Most of the revenue was derived from gaming technologies (game software, systems, hardware and terminals) business and provision of sports lottery management and marketing consultancy services in the PRC. The increase in revenue for the Six-Month Period by approximately 45.6% as compared to that for the same period in 2014 was mainly due to the sales of newly added hardware and technical services. During the Six-Month Period, the gross profit margin percentage stood at approximately 28.5% (2014: approximately 47.6%). The decrease in gross profit margin percentage was due to competition in the market.

Loss attributable to owners of the Company for the Six-Month Period amounted to approximately HK\$54.6 million (2014: approximately HK\$88.9 million), primarily due to share-based payments totalling approximately HK\$31.2 million (2014: approximately HK\$64.1 million) as a result of share options of the Company granted to Directors, eligible employees and other eligible participants under the Share Option Scheme, and other major expenses including staff costs (excluding Directors' emoluments) of approximately HK\$19.0 million (2014: approximately HK\$15.5 million), office costs of approximately HK\$9.5 million (2014: approximately HK\$10.4 million) and research and development costs of approximately HK\$5.4 million (2014: approximately HK\$4.1





million) in line with the organic growth of the Group's business and as a result of the consolidation of the expenses of Score Value following completion of its acquisition on 8 January 2015. The reduction in the loss attributable to owners of the Company for the Six-Month Period as compared to that for the same period in 2014 was mainly due to the above-mentioned increase in revenue and the decrease in share-based payments of approximately HK\$17.2 million resulted from the lapse of certain share options previously granted by the Company in prior years under the former Share Option Scheme adopted on 18 November 2004.

### ***Liquidity and financial resources***

Net bank balances and cash (defined as total bank balances and cash and pledged bank deposit less total bank borrowings) as at 30 June 2015 were approximately HK\$170.3 million (as at 31 December 2014: approximately HK\$315.6 million). The total assets and net current assets of the Group as at 30 June 2015 were approximately HK\$1,646.8 million and approximately HK\$243.0 million respectively (as at 31 December 2014: approximately HK\$1,335.6 million and approximately HK\$374.4 million respectively). Current liabilities of the Group as at 30 June 2015 were approximately HK\$131.1 million (as at 31 December 2014: approximately HK\$66.4 million). The liquidity ratio (defined as current assets divided by current liabilities) of the Group as at 30 June 2015 was approximately 2.9 (as at 31 December 2014: approximately 6.6) which continuously reflect the adequacy of financial resources of the Group.

### ***Capital structure and foreign exchange risk***

During the Six-Month Period, the Group financed its capital requirements primarily with (i) internally generated cash flows; (ii) the proceeds from the previous fund raising exercise and from the exercising by grantees of the share options granted under the Share Option Scheme; and (iii) bank borrowings (which stood at approximately HK\$11.6 million as at 30 June 2015 (as at 31 December 2014: Nil)). The gearing ratio (defined as bank borrowings divided by equity) of the Group as at 30 June 2015 was 0.01 (as at 31 December 2014: nil).

As at 30 June 2015, majority of the Group's bank deposits were denominated in HK\$ and RMB. Since all of its revenue-generating operations, monetary assets and liabilities of the Group are conducted or transacted substantially in HK\$ and RMB, which is not freely convertible into foreign currencies, the Group faced minimal foreign exchange risk during the Six-Month Period. The Group had neither foreign currency hedging activities nor any financial instruments for hedging purposes during the Six-Month Period.



### ***Contingent liabilities and capital commitment***

As at 30 June 2015, the Group did not have any material contingent liabilities and capital commitment.

### ***Significant investments, material acquisitions and disposals during the Six-Month Period***

During the Six-Month Period, the Purchaser completed the acquisition of a 100% equity interest in Score Value (the "Acquisition") on 8 January 2015 and as a result, Score Value has become a wholly-owned subsidiary of the Company and the results, assets and liabilities of the Score Value Group have been consolidated into the financial statements of the Group during the Six-Month Period. Further details of the Acquisition can be found in the Circular and on page 60 of the annual report for the year ended 31 December 2014 of the Company.

Save for the Acquisition disclosed above, there were no significant investments, material acquisitions and disposals that constituted "notifiable transactions" under Chapter 19 of the GEM Listing Rules during the Six-Month Period.

### ***Downward adjustment to consideration for acquisition of Score Value***

As disclosed in the announcement of the Company dated 8 January 2015 (the "Completion Announcement"), the Purchaser completed the Acquisition on 8 January 2015 (the "Completion"), and pursuant to a supplemental agreement dated 8 January 2015 in respect of the Acquisition, in the event that the vendors of Score Value fail to satisfy their undertaking to collect outstanding receivables totalling RMB24.3 million (the "Outstanding Receivables") of a subsidiary of Score Value, Zoom Read, on or before 1 April 2015, the Company or the Purchaser shall deduct the amount of the Outstanding Receivables which remains outstanding as of 1 April 2015 from the Fourth Tranche Initial Consideration (as defined in the Completion Announcement) of HK\$52.5 million payable in cash to the vendors on or before 30 June 2015.

As of 1 April 2015, all the Outstanding Receivables remained outstanding. Accordingly, the Company deducted RMB24.3 million (equivalent to HK\$30,375,000 at the exchange rate of RMB1 to HK\$1.25 as agreed in the aforesaid supplemental agreement) from the Fourth Tranche Initial Consideration of HK\$52.5 million, and a net amount of HK\$22,125,000 in cash was paid to the vendors of Score Value on 30 June 2015. As full impairment losses in respect of these long Outstanding Receivables had been made in the accounts of Zoom Read before the Completion, there will not be any adverse financial impact of the failure to collect such receivables on the financial statements of the Group.



### ***Employees' information and remuneration policies***

As at 30 June 2015, the Group had 242 (as at 30 June 2014: 218) employees in Hong Kong and the PRC. Total staff costs (excluding Directors' emoluments) for the Six-Month Period amounted to approximately HK\$19.0 million (for the six months ended 30 June 2014: approximately HK\$15.5 million).

The Group's remuneration policies are formulated on the basis of performance and experience of individual employees and are in line with local market practices. In addition to salary, the Group also offers to its employees other fringe benefits including year-end bonus, Share Option Scheme, contributory provident fund, social security fund, medical benefits and training.

### ***Charges on the Group's assets***

As at 30 June 2015, bank deposits of approximately HK\$3.0 million (as at 31 December 2014: approximately HK\$3.0 million) and approximately HK\$12.6 million (as at 31 December 2014: Nil) were held in designated bank accounts to secure a letter of guarantee granted to the Group and bank borrowings of the Group totalling approximately HK\$11.6 million, respectively. The pledged bank deposits will be released upon expiry of the relevant letter of guarantee and the full repayment of the aforesaid bank borrowings by the Group.

Save as disclosed above, as at 30 June 2015, there was no charge on the assets of the Group.

### ***Significant changes to financial position***

Inventories of the Group amounted to approximately HK\$81.4 million as at 30 June 2015 (as at 31 December 2014: approximately HK\$25.3 million), with inventory turnover period increased from 93 days for the year ended 31 December 2014 to 133 days for the Six-Month Period. The increase in inventory turnover period was due to increased stocks to cater for customers' demand for the second half of 2015.

Goodwill of the Group significantly increased to approximately HK\$1,177.8 million as at 30 June 2015 (as at 31 December 2014: approximately HK\$793.6 million), primarily due to the additional goodwill arising from the acquisition of Score Value of approximately HK\$383.5 million as disclosed in the section headed "ACQUISITION OF SUBSIDIARIES" above. The valuation of goodwill is subject to auditor's review.



## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2015, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange, were as follows:

a. Interests in ordinary Shares:

Name of Director	Number of Shares held			Approximate percentage of issued share capital of the Company
	Personal interest	Corporate Interest	Total	
Mr. Sun Ho	27,078,000	2,006,250,000 (Note 1)	2,033,328,000	45.0%
Mr. Robert Geoffrey Ryan (resigned on 1 May 2015)	11,070,000	–	11,070,000	0.25%
Mr. Bai Jinmin	10,316,000	44,876,600 (Note 2)	55,192,600	1.22%
Mr. Liang Yu	8,038,250	–	8,038,250	0.18%
Mr. Cheng Guoming (appointed on 6 May 2015)	–	–	–	0%
Mr. Ho King Fung, Eric	10,643,961	–	10,643,961	0.24%
Mr. Wang Ronghua (retired on 5 May 2015)	3,615,000	–	3,615,000	0.08%



Name of Director	Number of Shares held			Approximate percentage of issued share capital of the Company
	Personal interest	Corporate Interest	Total	
Mr. Hua Fengmao (retired on 5 May 2015)	3,355,000	–	3,355,000	0.07%
Ms. Monica Maria Nunes	375,000	–	375,000	0.01%
Mr. Feng Qing (appointed on 4 May 2015)	–	–	–	0%
Dr. Gao Jack Qunyao (appointed on 6 May 2015)	–	–	–	0%

Notes:

1. These 2,006,250,000 Shares were held in the name of MAXPROFIT GLOBAL INC. As MAXPROFIT GLOBAL INC is beneficially and wholly-owned by Mr. Sun Ho, an executive Director and chairman & chief executive officer (“CEO”) of the Company, Mr. Sun was deemed to be interested in such Shares.
2. These 44,876,600 Shares were held in the name of Fine Bridge International Limited. Fine Bridge International Limited is beneficially and wholly-owned by HB Resources Investment Limited, which in turn is beneficially and wholly-owned by Mr. Bai Jinmin, an executive Director. Accordingly, HB Resources Investment Limited and Mr. Bai were deemed to be interested in such Shares.



- b. Long position in the underlying Shares in respect of the share options of the Company (which were regarded as unlisted physically settled equity derivatives):

Name of Director	Date of grant	Exercise price per Share (HK\$)	Exercisable period	Number of underlying Shares entitled (in respect of share options of the Company)				Approximate percentage of issued share capital of the Company	
				Outstanding at 1 January 2015	Granted during the Six-Month Period	Exercised during the Six-Month Period	Lapsed during the Six-Month Period		Outstanding at 30 June 2015
Mr. Robert Geoffrey Ryan (resigned on 1 May 2015)	21 December 2011	0.2900	21 December 2012 – 20 December 2016	10,632,000	-	-	-	10,632,000	0.24%
	17 August 2012	0.1006	17 August 2013 – 16 August 2017	1,750,000	-	-	-	1,750,000	0.04%
	9 January 2013	0.4250	9 January 2014 – 8 January 2018	6,000,000	-	-	-	6,000,000	0.13%
	21 January 2014	1.3100	21 January 2015 – 20 January 2019	5,000,000	-	-	-	5,000,000	0.11%
Mr. Bai Jinmin	21 December 2011	0.2900	21 December 2012 – 20 December 2016	10,632,000	-	-	-	10,632,000	0.24%
	17 August 2012	0.1006	17 August 2013 – 16 August 2017	2,625,000	-	-	-	2,625,000	0.06%
	9 January 2013	0.4250	9 January 2014 – 8 January 2018	6,000,000	-	-	-	6,000,000	0.13%
	21 January 2014	1.3100	21 January 2015 – 20 January 2019	10,000,000	-	-	-	10,000,000	0.22%
Mr. Liang Yu	21 December 2011	0.2900	21 December 2012 – 20 December 2016	10,632,000	-	-	-	10,632,000	0.24%
	17 August 2012	0.1006	17 August 2013 – 16 August 2017	2,625,000	-	-	-	2,625,000	0.06%
	9 January 2013	0.4250	9 January 2014 – 8 January 2018	6,000,000	-	-	-	6,000,000	0.13%
	21 January 2014	1.3100	21 January 2015 – 20 January 2019	5,000,000	-	-	-	5,000,000	0.11%
Mr. Cheng Guoming (appointed on 6 May 2015)	1 June 2015	0.8580	1 June 2016 – 31 May 2020	-	44,944,800	-	-	44,944,800	0.99%



Number of underlying Shares entitled (in respect of share options of the Company)									
Name of Director	Date of grant	Exercise price per Share (HK\$)	Exercisable period	Number of underlying Shares				Outstanding at 30 June 2015	Approximate percentage of issued share capital of the Company
				Outstanding at 1 January 2015	Granted during the Six-Month Period	Exercised during the Six-Month Period	Lapsed during the Six-Month Period		
Mr. Ho King Fung, Eric	23 May 2013	0.4890	23 May 2014 – 22 May 2018	42,575,844	-	(10,643,961)	-	31,931,883	0.71%
Mr. Wang Ronghua (retired on 5 May 2015)	21 December 2011	0.2900	21 December 2012 – 20 December 2016	1,000,000	-	(500,000)	(500,000)	-	0%
	9 January 2013	0.4250	9 January 2014 – 8 January 2018	1,000,000	-	-	(1,000,000)	-	0%
	21 January 2014	1.3100	21 January 2015 – 20 January 2019	500,000	-	-	(500,000)	-	0%
Mr. Hua Fengmao (retired on 5 May 2015)	21 December 2011	0.2900	21 December 2012 – 20 December 2016	1,000,000	-	(500,000)	(500,000)	-	0%
	9 January 2013	0.4250	9 January 2014 – 8 January 2018	750,000	-	(250,000)	(500,000)	-	0%
	21 January 2014	1.3100	21 January 2015 – 20 January 2019	500,000	-	-	(500,000)	-	0%
Ms. Monica Maria Nunes	20 June 2013	0.4740	20 June 2014 – 19 June 2018	1,125,000	-	-	-	1,125,000	0.02%
	21 January 2014	1.3100	21 January 2015 – 20 January 2019	500,000	-	-	-	500,000	0.01%
Mr. Feng Qing (appointed on 4 May 2015)	1 June 2015	0.8580	1 June 2016 – 31 May 2020	-	1,500,000	-	-	1,500,000	0.03%
Dr. Gao Jack Qunjiao (appointed on 6 May 2015)	1 June 2015	0.8580	1 June 2016 – 31 May 2020	-	1,500,000	-	-	1,500,000	0.03%

*Note:* A portion of the option representing 25% of the total underlying Shares entitled under such option shall be vested in the grantee of the option in each of the 4 years during the exercisable period. If the grantee does not exercise such portion of the option within one year after it has been vested in him/her, such portion of the option will lapse.



Save as disclosed above, as at 30 June 2015, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares (in respect of share options of the Company which were regarded as unlisted physically settled equity derivatives) and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange.

### **SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES**

As at 30 June 2015, so far as was known to the Directors or chief executive of the Company, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests and long positions in the Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or, were expected, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital and recorded in the register kept by the Company pursuant to section 336 of the SFO:

a. Interests in the Shares:

<b>Name of Shareholder</b>	<b>Capacity</b>	<b>Number of Shares held</b>	<b>Approximate percentage of issued share capital of the Company</b>
MAXPROFIT GLOBAL INC	Beneficial owner	2,006,250,000 <i>(Note 1)</i>	44.40%
Rainwood Resources Limited	Beneficial owner	311,852,000	6.90%
Mr. Cheung Lup Kwan, Vitor	Interest of controlled corporation	311,852,000 <i>(Note 2)</i>	6.90%





Notes:

1. As disclosed above, Mr. Sun Ho was deemed to be interested in these 2,006,250,000 Shares by virtue of his interest in MAXPROFIT GLOBAL INC.
  2. These 311,852,000 Shares were held in the name of Rainwood Resources Limited, which is beneficially and wholly-owned by Mr. Cheung Lup Kwan, Vitor. Accordingly, Mr. Cheung was deemed to be interested in such Shares.
- b. Long position in the underlying Shares in respect of the share option granted under general mandate by the Company (which was regarded as an unlisted physically settled equity derivative):

<b>Name of Shareholder</b>	<b>Capacity</b>	<b>Number of underlying Shares entitled</b>	<b>Approximate percentage of issued share capital of the Company</b>
Rainwood Resources Limited	Beneficial owner	212,879,224	4.71%
Mr. Cheung Lup Kwan, Vitor	Interest of controlled corporation	212,879,224 (Note)	4.71%

Note: On 21 May 2013, Rainwood Resources Limited was granted a share option under general mandate by the Company, entitling it to subscribe for up to a maximum of 212,879,224 Shares at an exercise price of HK\$0.40 per Share (subject to adjustments), exercisable for a period of three years, which option was vested in the grantee on the date of grant. As disclosed above, Mr. Cheung Lup Kwan, Vitor was deemed to be interested in this share option by virtue of his interest in Rainwood Resources Limited.



Save as disclosed above, as at 30 June 2015, the Directors or chief executive of the Company were not aware of any other substantial shareholder (not being a Director or chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares, underlying Shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who was expected, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital and recorded in the register kept by the Company pursuant to section 336 of the SFO.

### **INTERESTS OF OTHER PERSONS**

As at 30 June 2015, apart from the interests in the Shares, underlying Shares and debentures of the Company and its associated corporations held by the Directors, chief executive and substantial shareholders of the Company stated above, there were no other persons with interests recorded in the register of the Company required to be kept under section 336 of the SFO.

### **INTERESTS IN COMPETING BUSINESS**

During the Six-Month Period, none of the Directors or the controlling shareholder of the Company had an interest in a business, which competes or might compete with the business of the Group.

### **CHANGE OF INDEPENDENT NON-EXECUTIVE DIRECTORS**

During the Six-Month Period, Mr. Wang Ronghua and Mr. Hua Fengmao retired as independent non-executive Directors with effect from the conclusion of the Company's 2015 annual general meeting which was held on 5 May 2015. The Company appointed Mr. Feng Qing and Dr. Gao Jack Qunyao as independent non-executive Directors and members of the audit, nomination and remuneration committees of the Company with effect from 4 May 2015 and 6 May 2015 respectively.

### **CHANGE OF EXECUTIVE DIRECTORS**

During the Six-Month Period, Mr. Robert Geoffrey Ryan resigned as executive Director with effect from 1 May 2015, but remained as Head of Gaming of the Group. The Company appointed Mr. Cheng Guoming as executive Director and Chief Financial Officer of the Company with effect from 6 May 2015.



## **CHANGE OF COMPANY SECRETARY, AUTHORISED REPRESENTATIVE AND MEMBER OF THE CORPORATE GOVERNANCE COMMITTEE**

During the Six-Month Period, Mr. Lai Yick Fung resigned on 1 April 2015, and Ms. Lo Kei Chi was appointed with effect from 12 May 2015, as the company secretary, authorised representative, and member of the corporate governance committee of the Company.

## **AUDIT COMMITTEE**

The audit committee of the Company comprises three independent non-executive Directors, namely, Ms. Monica Maria Nunes, Mr. Feng Qing and Dr. Gao Jack Qunyao. The unaudited consolidated results of the Group for the Six-Month Period have been reviewed and commented on by the audit committee.

## **CORPORATE GOVERNANCE PRACTICES**

The Board is committed to maintaining high standards of corporate governance in order to uphold the transparency of the Group and safeguard interests of the Shareholders.

During the Six-Month Period, the Company has adopted the applicable code provisions in the Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 15 of the GEM Listing Rules, except for the following deviations:

- (a) under the Code provision A.2.1, the roles of chairman and CEO should be separate and should not be performed by the same individual. The roles of chairman and CEO of the Company were performed by the executive Director, Mr. Sun Ho, during the Six-Month Period. The Company considered that the combination of the roles of chairman and CEO could effectively formulate and implement the strategies of the Company. The Company considered that under the supervision of its Board and its independent non-executive Directors, a balancing mechanism existed so that the interests of the Shareholders were adequately and fairly represented. The Company considered that there was no imminent need to change the arrangement;
- (b) under the Code provision A.4.2, every Director should be subject to retirement by rotation at least once every three years. However, pursuant to the Bye-laws, the chairman of the Company shall not be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year. During



the Six-Month Period, the chairman of the Board was not subject to retirement by rotation, as the Board considered that the continuity of the office of the chairman provided the Group with strong and consistent leadership and was of great importance to the smooth operations of the Group;

- (c) under the Code provision A.2.7, the chairman of the Board should at least annually hold meetings with the non-executive Directors (including independent non-executive Directors) without the executive Directors' presence. During the Six-Month Period, the chairman of the Board did not hold such kind of private meetings with the non-executive Directors. The chairman of the Board considered that it was unnecessary as it would be more transparent to let the non-executive Directors speak out their views to all executive Directors in the full Board meetings which would be held at least four times a year. Besides, the chairman of the Board, being an executive Director himself, always welcomes all non-executive Directors to directly communicate with him via his email or phone to discuss any matters of the Company from time to time;
- (d) under the Code provision A.6.6, each Director should disclose to the Company, among other things, an indication of the time involved by him/her in his/her offices held in other public companies or organisations and other significant commitments. During the Six-Month Period, no such disclosure was made by the Directors to the Company. As the Board had adopted a new corporate governance practice that each Director's contributions to the Group were reviewed and discussed at the Board meeting annually (the "Annual Contributions Review"), the Board considered that assessing the time spent by each Director on his/her commitments outside the Group was not necessary for the purposes of the Annual Contributions Review and that the disclosure of the time spent by a Director in performing his/her duties did not necessarily indicate accurately the efficiency of such Director and the effectiveness of his/her work, and may therefore be misleading;
- (e) under the Code provision B.1.2, the remuneration committee should review and recommend to the Board for approval of the specific remuneration packages of senior management. The remuneration committee of the Company had reviewed its scope of duties and considered that the delegated responsibility to review and recommend to the Board to approve the specific remuneration packages of senior management should be vested in the executive Directors who have a better



understanding of the level of expertise, experience and performance expected of the senior management in the daily business operations. Notwithstanding the foregoing, the remuneration committee would continue to be primarily responsible for the review and recommendation of the remuneration packages of the Directors;

- (f) under the Code provision B.1.5, the Company should disclose details of any remuneration payable to members of senior management by band in its annual report. The Company did not make such disclosure in its annual report as the Board considered that (i) the remuneration of any newly appointed “chief executive” (as defined under the GEM Listing Rules) would have already been disclosed in the announcement previously issued by the Company in respect of such appointment in accordance with GEM Listing Rule 17.50(2)(g); (ii) the five highest paid employees within the Group had already been disclosed in the notes to the consolidated financial statements of the Group in the annual report, and (iii) giving further details of remuneration for each and every senior management staff would result in particulars of excessive length and no additional value to the Shareholders, whilst at the same time may impair the flexibility of the Group in its negotiations of remuneration packages for senior management staff (especially those who are not Directors or chief executives of the Group and hence are not supposed to be subject to the aforesaid disclosure requirement under GEM Listing Rule 17.50(2)(g)) should it need to find replacement staff or recruit additional senior personnel in the future;
- (g) under the Code provision A.6.7, independent non-executive Directors and the non-executive Director should attend general meetings of the Company and develop a balanced understanding of the views of the Shareholders. The former independent non-executive Directors, Mr. Wang Ronghua and Mr. Hua Fengmao, were absent from the annual general meeting of the Company (the “AGM”) held on 5 May 2015 as they were to retire from the Board on the date of the AGM; and
- (h) under the Code provision E.1.2, the chairman of the Board should attend the AGM. During the Six-Month Period, the chairman of the Board, Mr. Sun Ho, was unable to attend the AGM held on 5 May 2015 as he was away on a business trip on that date.

(The above deviations (a) to (f) were similarly disclosed on pages 29 and 30 of the Company’s annual report for the year ended 31 December 2014, and on pages 27 to 29 of the Company’s interim report for the six months ended 30 June 2014. The above deviations (g) and (h) are new ones that took place during the Six-Month Period.)



## REQUIRED STANDARD OF DEALINGS REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings regarding securities transactions by Directors set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its code of conduct for dealings in securities of the Company by the Directors (the "Code of Conduct"). Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings set out in the Code of Conduct during the Six-Month Period.

## SHARE OPTION SCHEME

The following table sets out details and movements of the Company's share options held by Directors, eligible employees and eligible participants of the Group under the Share Option Scheme of the Company during the Six-Month Period:

Name	Date of grant	Exercise price per Share (HK\$)	Exercisable period	Number of underlying Shares entitled (in respect of share options of the Company)				
				Outstanding at 1 January 2015	Granted during the Six-Month Period	Exercised during the Six-Month Period	Lapsed during the Six-Month Period	Outstanding at 30 June 2015
<b>Directors:</b>								
Mr. Robert Geoffrey Ryan (resigned on 1 May 2015)	21 December 2011	0.2900	21 December 2014 – 20 December 2015	5,316,000	-	-	-	5,316,000
			21 December 2015 – 20 December 2016	5,316,000	-	-	-	5,316,000
	17 August 2012	0.1006	17 August 2015 – 16 August 2016	875,000	-	-	-	875,000
			17 August 2016 – 16 August 2017	875,000	-	-	-	875,000
	9 January 2013	0.4250	9 January 2015 – 8 January 2016	2,000,000	-	-	-	2,000,000
			9 January 2016 – 8 January 2017	2,000,000	-	-	-	2,000,000
			9 January 2017 – 8 January 2018	2,000,000	-	-	-	2,000,000



Number of underlying Shares entitled  
(in respect of share options of the Company)

Name	Date of grant	Exercise price per Share (HK\$)	Exercisable period	Number of underlying Shares entitled				
				Outstanding at 1 January 2015	Granted during the Six-Month Period	Exercised during the Six-Month Period	Lapsed during the Six-Month Period	Outstanding at 30 June 2015
	21 January 2014	1.3100	21 January 2015 – 20 January 2016	1,250,000	-	-	-	1,250,000
			21 January 2016 – 20 January 2017	1,250,000	-	-	-	1,250,000
			21 January 2017 – 20 January 2018	1,250,000	-	-	-	1,250,000
			21 January 2018 – 20 January 2019	1,250,000	-	-	-	1,250,000
Mr. Bai Jinmin	21 December 2011	0.2900	21 December 2014 – 20 December 2015	5,316,000	-	-	-	5,316,000
			21 December 2015 – 20 December 2016	5,316,000	-	-	-	5,316,000
			21 December 2016 – 20 December 2017	5,316,000	-	-	-	5,316,000
	17 August 2012	0.1006	17 August 2014 – 16 August 2015	875,000	-	-	-	875,000
			17 August 2015 – 16 August 2016	875,000	-	-	-	875,000
			17 August 2016 – 16 August 2017	875,000	-	-	-	875,000
	9 January 2013	0.4250	9 January 2015 – 8 January 2016	2,000,000	-	-	-	2,000,000
			9 January 2016 – 8 January 2017	2,000,000	-	-	-	2,000,000
			9 January 2017 – 8 January 2018	2,000,000	-	-	-	2,000,000
	21 January 2014	1.3100	21 January 2015 – 20 January 2016	2,500,000	-	-	-	2,500,000
			21 January 2016 – 20 January 2017	2,500,000	-	-	-	2,500,000
			21 January 2017 – 20 January 2018	2,500,000	-	-	-	2,500,000
			21 January 2018 – 20 January 2019	2,500,000	-	-	-	2,500,000



Number of underlying Shares entitled  
(in respect of share options of the Company)

Name	Date of grant	Exercise price per Share (HK\$)	Exercisable period	Number of underlying Shares entitled				
				Outstanding at 1 January 2015	Granted during the Six-Month Period	Exercised during the Six-Month Period	Lapsed during the Six-Month Period	Outstanding at 30 June 2015
Mr. Liang Yu	21 December 2011	0.2900	21 December 2014 – 20 December 2015	5,316,000	-	-	-	5,316,000
			21 December 2015 – 20 December 2016	5,316,000	-	-	-	5,316,000
	17 August 2012	0.1006	17 August 2014 – 16 August 2015	875,000	-	-	-	875,000
			17 August 2015 – 16 August 2016	875,000	-	-	-	875,000
			17 August 2016 – 16 August 2017	875,000	-	-	-	875,000
	9 January 2013	0.4250	9 January 2015 – 8 January 2016	2,000,000	-	-	-	2,000,000
			9 January 2016 – 8 January 2017	2,000,000	-	-	-	2,000,000
			9 January 2017 – 8 January 2018	2,000,000	-	-	-	2,000,000
	21 January 2014	1.3100	21 January 2015 – 20 January 2016	1,250,000	-	-	-	1,250,000
			21 January 2016 – 20 January 2017	1,250,000	-	-	-	1,250,000
			21 January 2017 – 20 January 2018	1,250,000	-	-	-	1,250,000
			21 January 2018 – 20 January 2019	1,250,000	-	-	-	1,250,000
Mr. Cheng Guoming (appointed on 6 May 2015)	1 June 2015	0.8580	1 June 2016 – 31 May 2017	-	11,236,200	-	-	11,236,200
			1 June 2017 – 31 May 2018	-	11,236,200	-	-	11,236,200
			1 June 2018 – 31 May 2019	-	11,236,200	-	-	11,236,200
			1 June 2019 – 31 May 2020	-	11,236,200	-	-	11,236,200





Number of underlying Shares entitled  
(in respect of share options of the Company)

Name	Date of grant	Exercise price per Share (HK\$)	Exercisable period	Number of underlying Shares entitled						
				Outstanding at 1 January 2015	Granted during the Six-Month Period	Exercised during the Six-Month Period	Lapsed during the Six-Month Period	Outstanding at 30 June 2015		
Mr. Ho King Fung, Eric	23 May 2013	0.4890	23 May 2014 – 22 May 2015	10,643,961	-	(10,643,961)	-	-		
			23 May 2015 – 22 May 2016	10,643,961	-	-	-	10,643,961		
			23 May 2016 – 22 May 2017	10,643,961	-	-	-	10,643,961		
			23 May 2017 – 22 May 2018	10,643,961	-	-	-	10,643,961		
Mr. Wang Ronghua (retired on 5 May 2015)	21 December 2011	0.2900	21 December 2014 – 20 December 2015	500,000	-	(500,000)	-	-		
			21 December 2015 – 20 December 2016	500,000	-	-	(500,000)	-		
			9 January 2013	0.4250	9 January 2014 – 8 January 2015	250,000	-	-	(250,000)	-
	9 January 2013	0.4250	9 January 2015 – 8 January 2016	250,000	-	-	(250,000)	-		
			9 January 2016 – 8 January 2017	250,000	-	-	(250,000)	-		
			9 January 2017 – 8 January 2018	250,000	-	-	(250,000)	-		
			21 January 2014	1.3100	21 January 2015 – 20 January 2016	125,000	-	-	(125,000)	-
			21 January 2016 – 20 January 2017	125,000	-	-	(125,000)	-		
			21 January 2017 – 20 January 2018	125,000	-	-	(125,000)	-		
	21 January 2014	1.3100	21 January 2018 – 20 January 2019	125,000	-	-	(125,000)	-		



Number of underlying Shares entitled  
(in respect of share options of the Company)

Name	Date of grant	Exercise price per Share (HK\$)	Exercisable period	Outstanding at	Granted during the	Exercised during the	Lapsed during the	Outstanding at	
				1 January 2015	Six-Month Period	Six-Month Period	Six-Month Period	30 June 2015	
Mr. Hua Fengmao (retired on 5 May 2015)	21 December 2011	0.2900	21 December 2014 – 20 December 2015	500,000	-	(500,000)	-	-	
			21 December 2015 – 20 December 2016	500,000	-	-	(500,000)	-	
	9 January 2013	0.4250	9 January 2015 – 8 January 2016	250,000	-	(250,000)	-	-	
			9 January 2016 – 8 January 2017	250,000	-	-	(250,000)	-	
			9 January 2017 – 8 January 2018	250,000	-	-	(250,000)	-	
	21 January 2014	1.3100	21 January 2015 – 20 January 2016	125,000	-	-	(125,000)	-	
			21 January 2016 – 20 January 2017	125,000	-	-	(125,000)	-	
			21 January 2017 – 20 January 2018	125,000	-	-	(125,000)	-	
			21 January 2018 – 20 January 2019	125,000	-	-	(125,000)	-	
	Ms. Monica Maria Nunes	20 June 2013	0.4740	20 June 2015 – 19 June 2016	375,000	-	-	-	375,000
				20 June 2016 – 19 June 2017	375,000	-	-	-	375,000
20 June 2017 – 19 June 2018				375,000	-	-	-	375,000	
21 January 2014		1.3100	21 January 2015 – 20 January 2016	125,000	-	-	-	125,000	
			21 January 2016 – 20 January 2017	125,000	-	-	-	125,000	
			21 January 2017 – 20 January 2018	125,000	-	-	-	125,000	
			21 January 2018 – 20 January 2019	125,000	-	-	-	125,000	



Number of underlying Shares entitled  
(in respect of share options of the Company)

Name	Date of grant	Exercise price per Share (HK\$)	Exercisable period	Outstanding at	Granted during the	Exercised during the	Lapsed during the	Outstanding at
				1 January 2015	Six-Month Period	Six-Month Period	Six-Month Period	30 June 2015
Mr. Feng Qing (appointed on 4 May 2015)	1 June 2015	0.8580	1 June 2016 – 31 May 2017	-	375,000	-	-	375,000
			1 June 2017 – 31 May 2018	-	375,000	-	-	375,000
			1 June 2018 – 31 May 2019	-	375,000	-	-	375,000
			1 June 2019 – 31 May 2020	-	375,000	-	-	375,000
Dr. Gao Jack Qunyao (appointed on 6 May 2015)	1 June 2015	0.8580	1 June 2016 – 31 May 2017	-	375,000	-	-	375,000
			1 June 2017 – 31 May 2018	-	375,000	-	-	375,000
			1 June 2018 – 31 May 2019	-	375,000	-	-	375,000
			1 June 2019 – 31 May 2020	-	375,000	-	-	375,000
<b>Eligible employees and other eligible participants</b>								
	6 July 2010	0.3000	6 July 2014 – 5 July 2015	125,000	-	(125,000)	-	-
	30 March 2011	0.3300	30 March 2015 – 29 March 2016	2,850,000	-	(2,850,000)	-	-
	21 December 2011	0.2900	21 December 2014 – 20 December 2015	12,672,250	-	(4,012,500)	-	8,659,750
21 December 2015 – 20 December 2016			12,672,250	-	-	-	12,672,250	
	17 August 2012	0.1006	17 August 2014 – 16 August 2015	1,092,500	-	(907,500)	-	185,000
17 August 2015 – 16 August 2016			20,859,750	-	-	(9,609,750)	11,250,000	
17 August 2016 – 16 August 2017			20,859,750	-	-	(9,609,750)	11,250,000	



Number of underlying Shares entitled  
(in respect of share options of the Company)

Name	Date of grant	Exercise price per Share (HK\$)	Exercisable period	Number of underlying Shares entitled				
				Outstanding at 1 January 2015	Granted during the Six-Month Period	Exercised during the Six-Month Period	Lapsed during the Six-Month Period	Outstanding at 30 June 2015
	9 January 2013	0.4250	9 January 2014 – 8 January 2015	2,125,000	-	(2,125,000)	-	-
			9 January 2015 – 8 January 2016	29,050,000	-	(14,587,500)	-	14,462,500
			9 January 2016 – 8 January 2017	29,050,000	-	-	-	29,050,000
			9 January 2017 – 8 January 2018	29,050,000	-	-	-	29,050,000
	23 May 2013	0.4890	23 May 2014 – 22 May 2015	7,543,961	-	(7,543,961)	-	-
			23 May 2015 – 22 May 2016	10,643,961	-	-	-	10,643,961
			23 May 2016 – 22 May 2017	10,643,961	-	-	-	10,643,961
			23 May 2017 – 22 May 2018	10,643,961	-	-	-	10,643,961
	2 January 2014	1.1900	2 January 2015 – 1 January 2016	10,872,059	-	-	-	10,872,059
			2 January 2016 – 1 January 2017	10,872,059	-	-	-	10,872,059
			2 January 2017 – 1 January 2018	10,872,060	-	-	-	10,872,060
			2 January 2018 – 1 January 2019	10,872,060	-	-	-	10,872,060
	21 January 2014	1.3100	21 January 2015 – 20 January 2016	84,138,000	-	-	(13,460,500)	70,677,500
			21 January 2016 – 20 January 2017	84,138,000	-	-	(13,460,500)	70,677,500
			21 January 2017 – 20 January 2018	84,138,000	-	-	(13,460,500)	70,677,500
			21 January 2018 – 20 January 2019	84,138,000	-	-	(13,460,500)	70,677,500



Number of underlying Shares entitled  
(in respect of share options of the Company)

Name	Date of grant	Exercise price per Share (HK\$)	Exercisable period	Number of underlying Shares entitled (in respect of share options of the Company)				
				Outstanding at 1 January 2015	Granted during the Six-Month Period	Exercised during the Six-Month Period	Lapsed during the Six-Month Period	Outstanding at 30 June 2015
	19 August 2014	1.3780	7 July 2015 – 6 July 2016	3,125,000	–	–	(3,125,000)	–
			7 July 2016 – 6 July 2017	3,125,000	–	–	(3,125,000)	–
			7 July 2017 – 6 July 2018	3,125,000	–	–	(3,125,000)	–
			7 July 2018 – 6 July 2019	3,125,000	–	–	(3,125,000)	–
			7 July 2019 – 6 July 2020	3,125,000	–	–	(3,125,000)	–
			7 July 2020 – 6 July 2021	3,125,000	–	–	(3,125,000)	–
			7 July 2021 – 6 July 2022	3,125,000	–	–	(3,125,000)	–
			7 July 2022 – 6 July 2023	3,125,000	–	–	(3,125,000)	–
	20 January 2015	0.9200	20 January 2016 – 19 January 2017	–	13,050,000	–	–	13,050,000
			20 January 2017 – 19 January 2018	–	13,050,000	–	–	13,050,000
			20 January 2018 – 19 January 2019	–	13,050,000	–	–	13,050,000
			20 January 2019 – 19 January 2020	–	13,050,000	–	–	13,050,000
	1 June 2015	0.8580	1 June 2016 – 31 May 2017	–	6,250,000	–	–	6,250,000
			1 June 2017 – 31 May 2018	–	6,250,000	–	–	6,250,000
			1 June 2018 – 31 May 2019	–	6,250,000	–	–	6,250,000
			1 June 2019 – 31 May 2020	–	6,250,000	–	–	6,250,000
Total				730,769,426	125,144,800	(44,045,422)	(101,561,500)	710,307,304
Exercisable at the end of the period					53,150,672			154,842,731
Weighted average exercise price of the outstanding share option				HK\$0.9106				HK\$0.9176



During the Six-Month Period, options in respect of 52,200,000 Shares and 72,944,800 Shares (totalling 125,144,800 Shares) were granted on 20 January 2015 and 1 June 2015 respectively to Directors, eligible employees and an eligible participant under the Share Option Scheme. Closing prices of the Shares immediately before 20 January 2015 and 1 June 2015 were HK\$0.92 per Share and HK\$0.87 per Share respectively. No options were cancelled but options in respect of 101,561,500 Shares were lapsed during the Six-Month Period.

As a result of the options exercised during the Six-Month Period, 44,045,422 Shares were issued by the Company. The weighted average closing price of the Shares immediately before the dates on which these options were exercised is HK\$0.8731 per Share.

As at 30 June 2015, the number of Shares in respect of which options had been granted and remained outstanding under (i) the Share Option Scheme adopted on 18 November 2004 was 585,162,504 Shares (as at 31 December 2014: 730,769,426 Shares), representing approximately 13.0% (as at 31 December 2014: 16.5%) of the Company's issued share capital as at 30 June 2015; and (ii) the Share Option Scheme adopted on 23 December 2014 was 125,144,800 Shares (as at 31 December 2014: Nil), representing approximately 2.8% of the Company's issued share capital as at 30 June 2015.

The fair values of options granted during the Six-Month Period and the year ended 31 December 2014 were calculated using the binomial model, details of which are as follows:

	Date of grant				
	1 June 2015	20 January 2015	19 August 2014	21 January 2014	2 January 2014
Number of Shares to be issued upon exercise of options granted	72,944,800	52,200,000	25,000,000	359,302,000	43,488,238
Estimated fair values of options granted	HK\$29,473,741	HK\$22,914,990	HK\$20,339,763	HK\$236,381,804	HK\$26,547,289
Significant inputs into the model:					
Closing share price at date of grant	HK\$0.8400	HK\$0.9200	HK\$1.3300	HK\$1.3100	HK\$1.1900
Exercise price	HK\$0.8580	HK\$0.9200	HK\$1.3780	HK\$1.3100	HK\$1.1900
Expected volatility	66.59%–73.87%	65.85%–72.71%	70.18%–88.26%	71.81%–78.02%	70.69%–86.03%
Expected life of options	2-5 years	2-5 years	2-9 years	2-5 years	2-5 years
Risk-free interest rate	0.444%–1.104%	0.344%–0.971%	0.311%–1.766%	0.334%–1.449%	0.338%–1.449%
Dividend yield	Nil	Nil	Nil	Nil	Nil



Expected volatility was determined by using the historical volatility of the share prices of other companies in the similar industry over the expected life of the options. No other feature of the options granted was incorporated into the measurement of fair values. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated losses.

The variables and assumptions used in computing the fair values of the share options are based on the Directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

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

During the Six-Month Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

## **CHANGE IN INFORMATION REGARDING A DIRECTOR**

Pursuant to the disclosure requirement under Rule 17.50A(1) of the GEM Listing Rules, there is certain change in the information regarding a Director as follows:

### **Name of Director**

Dr. Gao Jack Qunyao

### **Details of the change in information**

Dr. Gao Jack Qunyao has been appointed as Group Vice President and CEO of International Investments and Business Department of 北京萬達文化產業集團有限公司 (Beijing Wanda Culture Industry Group Co., Ltd.\*) with effect from 1 June 2015; and as Vice Chairman of Infront Sports & Media AG with effect from 7 July 2015.

Save as disclosed above, no other information in respect of the Directors is required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.



## DEFINITIONS

In this report, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Board”	means the board of Directors;
“Circular”	means the circular of the Company dated 8 December 2014;
“Company” or “AGTech”	means AGTech Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on GEM;
“Director(s)”	means the director(s) of the Company;
“GEM”	means the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited;
“GEM Listing Rules”	means the Rules Governing the Listing of Securities on GEM;
“GOT”	means 北京亞博高騰科技有限公司 (Beijing AGTech GOT Technology Co., Ltd.#), a company incorporated in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company;
“Group”	means the Company and its subsidiaries;
“Hong Kong” or “HK”	means the Hong Kong Special Administrative Region of the PRC;
“Macau”	means the Macau Special Administrative Region of the PRC;





“PRC” or “China”	means the People’s Republic of China which, for the purpose of this report, excludes Hong Kong, Macau and Taiwan;
“Purchaser”	means Silvercreek Technology Holdings Limited, which is a wholly-owned subsidiary of the Company;
“Score Value”	means Score Value Limited which is an indirect wholly-owned subsidiary of the Company following completion of its acquisition on 8 January 2015;
“Score Value Group”	means Score Value Limited and its subsidiaries;
“Share(s)”	means ordinary share(s) of HK\$0.002 each in the share capital of the Company;
“Shareholder(s)”	means holder(s) of the Share(s);
“Share Option Scheme”	means the share option scheme of the Company adopted on 18 November 2004 (or, after its expiry on 17 November 2014, the share option scheme of the Company adopted on 23 December 2014);
“Sports Lottery”	means the national sports lottery of China;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Welfare Lottery”	means the national welfare lottery of China;



“Zoom Read”	means 深圳中林瑞德科技有限公司 (Shenzhen Zoom Read Tech Co., Ltd. <sup>#</sup> ), a company incorporated in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company following completion of its acquisition on 8 January 2015;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“RMB”	Renminbi, the lawful currency of the PRC; and
“%”	per cent.

<sup>#</sup> *The English translation of the Chinese company name is included for reference only and should not be regarded as the official English translation of such Chinese company name.*

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

Hong Kong, 11 August 2015

*As at the date of this report, the Board comprises (i) Mr. Sun Ho, Mr. Bai Jinmin, Mr. Liang Yu and Mr. Cheng Guoming as executive Directors; (ii) Mr. Ho King Fung, Eric as non-executive Director; and (iii) Ms. Monica Maria Nunes, Mr. Feng Qing and Dr. Gao Jack Qunyao as independent non-executive Directors.*

*This report will remain on the “Latest Company Announcements” 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).*

