



AGTech Holdings Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 8279

THIRD QUARTERLY REPORT 2015

FORTUNE



HEALTH



HAPPINESS



LUCK



RESPONSIBILITY



CHARACTERISTICS OF GEM

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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 NINE MONTHS ENDED 30 SEPTEMBER 2015

- Total revenue of the Group for the Nine-Month Period amounted to approximately HK\$177.8 million (2014: approximately HK\$122.6 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 Nine-Month Period amounted to approximately HK\$107.8 million (2014: approximately HK\$137.8 million), primarily due to share-based payments totalling approximately HK\$71.0 million (2014: approximately HK\$100.3 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 Nine-Month Period.



THIRD QUARTERLY RESULTS

The Board is pleased to announce the unaudited consolidated results of the Group for the three months ended 30 September 2015 (the "Three-Month Period") and the nine months ended 30 September 2015 (the "Nine-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 nine months ended 30 September 2015

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Revenue	2	76,715	53,132	177,827	122,573
Cost of sales and services		(65,230)	(34,637)	(137,477)	(71,054)
Gross profit		11,485	18,495	40,350	51,519
Investment and other income		713	930	5,794	2,896
Selling and administrative expenses		(26,096)	(30,167)	(82,545)	(86,931)
Loss from business operations		(13,898)	(10,742)	(36,401)	(32,516)
Share-based payments		(39,820)	(36,175)	(70,978)	(100,260)
Net foreign exchange gain/(loss)		14	(10)	4	8
Amortisation of other intangible assets		(105)	(119)	(344)	(357)
Finance costs		(94)	–	(101)	–
Loss before tax		(53,903)	(47,046)	(107,820)	(133,125)
Income tax expense	3	55	(1,245)	(2,339)	(2,600)
Loss for the period		(53,848)	(48,291)	(110,159)	(135,725)
Loss attributable to:					
Owners of the Company		(53,232)	(48,950)	(107,831)	(137,822)
Non-controlling interests		(616)	659	(2,328)	2,097
		(53,848)	(48,291)	(110,159)	(135,725)
Loss per share					
Basic and diluted	4	HK1.174 cents	HK1.112 cents	HK2.393 cents	HK3.142 cents



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

For the three months and nine months ended 30 September 2015

	Three months ended		Nine months ended	
	30 September		30 September	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period	(53,848)	(48,291)	(110,159)	(135,725)
Other comprehensive income, net of income tax				
Items that will not be reclassified to profit or loss:				
Gain arising on revaluation of property transferred to investment property	–	16,954	–	16,954
Items that may be reclassified subsequently to profit or loss:				
Translation differences on translating foreign operations	(44,282)	2,085	(45,868)	(6,861)
Other comprehensive income for the period, net of income tax	(44,282)	19,039	(45,868)	10,093
Total comprehensive income for the period	(98,130)	(29,252)	(156,027)	(125,632)
Total comprehensive income attributable to:				
Owners of the Company	(97,106)	(29,927)	(153,300)	(127,688)
Non-controlling interests	(1,024)	675	(2,727)	2,056
Total comprehensive income for the period	(98,130)	(29,252)	(156,027)	(125,632)

Notes:

1. BASIS OF PREPARATION OF THE ACCOUNTS

The unaudited condensed consolidated accounts have been prepared in accordance with the applicable disclosure requirements of GEM Listing Rules, accounting principles generally accepted in Hong Kong which include Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The unaudited 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

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 Nine-Month Period.

3. INCOME TAX EXPENSE

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

4. LOSS PER SHARE

The calculation of basic and diluted loss per Share for the Three-Month Period and the Nine-Month Period is based on the unaudited loss attributable to owners of the Company (in HK\$’000) of HK\$53,232 and HK\$107,831 respectively (for the three months and nine months ended 30 September 2014 (in HK\$’000): net loss of HK\$48,950 and HK\$137,822 respectively), and the weighted average number of 4,534,439,158 and 4,507,008,470 ordinary shares in issue during the Three-Month Period and the Nine-Month Period respectively (for the three months and nine months ended 30 September 2014: 4,403,877,940 and 4,386,964,639 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.



5. DIVIDEND

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

6. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the Nine-Month Period

	Attributable to owners of the Company										Attributable to non-controlling interests	
	Share capital	Share premium	Share options reserve	Statutory reserve	Exchange reserve	Contributed surplus	Property revaluation reserve	Other reserve	Accumulated losses	Subtotal		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	-	-	-	-	-	-	-	-	(137,822)	(137,822)	2,097	(135,725)
Other comprehensive income for the period	-	-	-	-	(6,820)	-	16,954	-	-	10,134	(41)	10,093
Total comprehensive income for the period	-	-	-	-	(6,820)	-	16,954	-	(137,822)	(127,688)	2,056	(125,632)
Recognition of equity-settled share-based payments	-	-	100,852	-	-	-	-	-	-	100,852	-	100,852
Shares issued on exercise of part of share options	135	26,401	(6,833)	-	-	-	-	-	-	19,703	-	19,703
Lapse of share options	-	-	(704)	-	-	-	-	-	112	(592)	-	(592)
Transfer to accumulated losses	-	-	-	(57)	-	-	-	-	57	-	-	-
Balance at 30 September 2014	8,833	1,417,384	160,011	13,806	190,771	47,191	16,954	-	(628,587)	1,226,363	3,347	1,229,710
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	-	-	-	-	-	-	-	-	(107,831)	(107,831)	(2,328)	(110,159)
Other comprehensive income for the period	-	-	-	-	(45,469)	-	-	-	-	(45,469)	(399)	(45,868)
Total comprehensive income for the period	-	-	-	-	(45,469)	-	-	-	(107,831)	(153,300)	(2,727)	(156,027)
Recognition of equity-settled share-based payments	-	-	88,357	-	-	-	-	-	-	88,357	-	88,357
Shares issued on exercise of part of share options	227	69,274	(10,291)	-	-	-	-	-	-	59,210	-	59,210
Lapse of share options	-	-	(24,708)	-	-	-	-	-	7,330	(17,378)	-	(17,378)
Reserve for deferred consideration	-	-	-	-	-	-	-	60,810	-	60,810	-	60,810
Transfer to accumulated losses	-	-	-	(2)	-	-	-	-	2	-	-	-
Balance at 30 September 2015	9,108	1,497,362	246,502	15,259	147,513	47,191	14,402	60,810	(781,608)	1,256,539	340	1,256,879

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) internet 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 eight months of the year, the lottery market recorded sales of approximately RMB242.8 billion, a decrease of approximately 1.8% compared to the corresponding period in 2014. Of this, Sports Lottery amounted to approximately RMB109.4 billion (accounting for 45.0% of total lottery sales), a decrease of approximately 4.2% year on year. The Welfare Lottery achieved sales of approximately RMB133.4 billion (55.0% of total lottery sales), an increase of approximately 0.4% against the corresponding period in 2014. Lottery sales information for September 2015 is not available as at 8 November 2015.

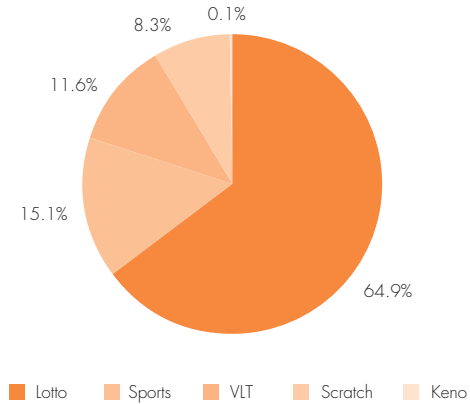
During 2015, the combined year on year growth rates of the sports and welfare lotteries have fallen from 35.8% in January and February to -10.6% for the period March to August. The sharp reduction in sales is attributable to the strong and decisive action taken by the authorities to prohibit all internet 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. It is expected that selected lottery products will gain approvals for trial sales in certain provinces in smart phone channel. The pronouncement by China's State Council on 11 October 2015 regarding an increased level of provincial autonomy with respect to the promotion of approved lottery games is an important measure to support lottery sales growth and is likely to benefit approved products such as the Group's "Lucky Racing" and "e-Ball Lottery".

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").



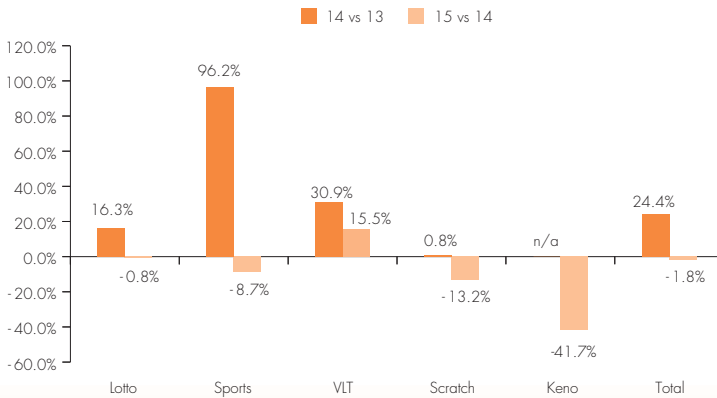
Product review

Market Share of Sales by Product (Jan–Aug 2015)



Source: PRC Ministry of Finance

China Lottery Sales Year on Year Growth Comparison by Product (Jan-Aug 2015 vs. Jan-Aug 2014)



Source: PRC Ministry of Finance



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

Business Review

During the Nine-Month Period, the Group recorded an increase in sales of approximately 45.1%. 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 42.0% in the first nine months of 2014 to approximately 22.7% in the period under review due to competition in the market.

In the quarters ahead, 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 Lottery" in Jiangsu through further marketing activity enhancement and the expected significant development in smart phone and internet channels.

Lottery Game and System

Virtual Sports Betting

During the period under review, 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. "e-Ball Lottery" is a football-themed virtual sports lottery game with a 69% payout ratio. It joins "Lucky Racing" as a NSLAC-approved and fully operational lottery game and has been launched in China's largest Sports Lottery province. "e-Ball Lottery" continues to operate 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 lottery 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” 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 designed to fulfill the demands 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 tastes of China’s lottery players. 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 lottery market.

During the period under review, our subsidiary, 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.

Year-to-date, 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. 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.



Internet and Mobile Lottery Distribution Business

To date, in line with the relevant lottery regulations, the Group has not conducted any internet 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

The Group's Lottery Management Business is performing in-line with expectations. Looking forward, in view of the Group's status as 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 Group's on-going strategic progress and expect to see significant regulatory progress in the China lottery industry in the months and quarters ahead. Relevant laws and regulations are becoming clearer (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. internet and mobile) lottery ticket distribution, we anticipate that there will be a more clearly regulated operation management and distribution model. In the internet 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, in the absence of any major global footballing tournaments in the short term and in light of the on-going cessation of the sale of lottery tickets via the internet, the Directors anticipate an increasing urgency to enhance the product offering in the stores. Taken together with the completion of the Sports Lottery's national high frequency game platform, and the pronouncement by China's State Council on 11 October 2015 regarding an increased level of provincial autonomy with respect to the promotion of approved lottery games, 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 relatively modest levels of lottery participation in China and our expectation of ongoing, multi-year revenue growth potential for the market, the multiple potential areas of expansion outlined above suggest a very positive outlook for the Group in the years ahead.

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 Nine-Month Period amounted to approximately HK\$177.8 million (2014: approximately HK\$122.6 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 Nine-Month Period by approximately 45.1% 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 Nine-Month Period, the gross profit margin percentage stood at approximately 22.7% (2014: approximately 42.0%). The decrease in gross profit margin percentage was due to competition in the market.



Loss attributable to owners of the Company for the Nine-Month Period amounted to approximately HK\$107.8 million (2014: approximately HK\$137.8 million), primarily due to share-based payments totalling approximately HK\$71.0 million (2014: approximately HK\$100.3 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\$28.3 million (2014: approximately HK\$23.1 million), office costs of approximately HK\$13.5 million (2014: approximately HK\$14.7 million) and research and development costs of approximately HK\$8.0 million (2014: approximately HK\$7.3 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 Nine-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\$17.3 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.

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

As at 30 September 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			Approximate percentage held
	Personal interest	Corporate interest	Total	
Mr. Sun Ho	27,078,000	2,006,250,000 <i>(Note 1)</i>	2,033,328,000	44.65%
Mr. Bai Jinmin	19,382,000	44,876,600 <i>(Note 2)</i>	64,258,600	1.41%
Mr. Liang Yu	8,913,250	–	8,913,250	0.20%
Mr. Cheng Guoming	–	–	–	0%
Mr. Ho King Fung, Eric	10,643,961	–	10,643,961	0.23%
Ms. Monica Maria Nunes	375,000	–	375,000	0.01%
Mr. Feng Qing	–	–	–	0%
Dr. Gao Jack Qunyao	–	–	–	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 of the Company. 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 Nine-Month Period	Exercised during the Nine-Month Period	Lapsed during the Nine-Month Period		Outstanding at 30 September 2015
Mr. Bai Jinmin	21 December 2011	0.2900	21 December 2012 – 20 December 2016	10,632,000	-	(5,316,000)	-	5,316,000	0.12%
	17 August 2012	0.1006	17 August 2013 – 16 August 2017	2,625,000	-	(1,750,000)	-	875,000	0.02%
	9 January 2013	0.4250	9 January 2014 – 8 January 2018	6,000,000	-	(2,000,000)	-	4,000,000	0.09%
	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	0.23%
	17 August 2012	0.1006	17 August 2013 – 16 August 2017	2,625,000	-	(875,000)	-	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. Cheng Guoming	1 June 2015	0.8580	1 June 2016 – 31 May 2020	-	44,944,800	-	-	44,944,800	0.99%
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	0.70%
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	1 June 2015	0.8580	1 June 2016 – 31 May 2020	-	1,500,000	-	-	1,500,000	0.03%
Dr. Gao Jack Qunqiao	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 September 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 September 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:

Name of Shareholder	Capacity	Number of Shares held	Approximate percentage of issued share capital of the Company
MAXPROFIT GLOBAL INC	Beneficial owner	2,006,250,000 <i>(Note 1)</i>	44.05%
Rainwood Resources Limited	Beneficial owner	311,852,000	6.85%
Mr. Cheung Lup Kwan, Vitor	Interest of controlled corporation	311,852,000 <i>(Note 2)</i>	6.85%



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):

Name of Shareholder	Capacity	Number of underlying Shares entitled	Approximate percentage of issued share capital of the Company
Rainwood Resources Limited	Beneficial owner	212,879,224	4.67%
Mr. Cheung Lup Kwan, Vitor	Interest of controlled corporation	212,879,224 (Note)	4.67%

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 September 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 September 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 Nine-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.

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 Nine-Month Period have been reviewed and commented on by the audit committee.

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 Nine-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 Nine-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 Nine-Month Period	Exercised during the Nine-Month Period	Lapsed during the Nine-Month Period	Outstanding at 30 September 2015
Directors:								
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
	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
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

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 Nine-Month Period	Exercised during the Nine-Month Period	Lapsed during the Nine-Month Period	Outstanding at 30 September 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. 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
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 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)	–



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 Nine-Month Period	Exercised during the Nine-Month Period	Lapsed during the Nine-Month Period	Outstanding at 30 September 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	
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	

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 30 September 2015
				Outstanding at 1 January 2015	Granted during the Nine-Month Period	Exercised during the Nine-Month Period	Lapsed during the Nine-Month Period	
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
Eligible employees	30 March 2011	0.3300	30 March 2015 – 29 March 2016	1,800,000	-	(1,800,000)	-	-
	21 December 2011	0.2900	21 December 2014 – 20 December 2015	8,828,500	-	(2,512,500)	-	6,316,000
			21 December 2015 – 20 December 2016	8,828,500	-	-	(62,500)	8,766,000
	17 August 2012	0.1006	17 August 2014 – 16 August 2015	185,000	-	(92,500)	(92,500)	-
			17 August 2015 – 16 August 2016	10,827,250	-	(1,110,000)	(9,609,750)	107,500
			17 August 2016 – 16 August 2017	10,827,250	-	-	(9,609,750)	1,217,500
	9 January 2013	0.4250	9 January 2014 – 8 January 2015	125,000	-	(125,000)	-	-
			9 January 2015 – 8 January 2016	9,800,000	-	(6,762,500)	-	3,037,500
			9 January 2016 – 8 January 2017	9,800,000	-	-	(150,000)	9,650,000
			9 January 2017 – 8 January 2018	9,800,000	-	-	(150,000)	9,650,000
			2 January 2014	1.1900	2 January 2015 – 1 January 2016	10,872,059	-	-
	21 January 2014	1.3100	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 2015 – 20 January 2016	5,812,500	-	(350,000)	(62,500)	5,400,000
			21 January 2016 – 20 January 2017	5,812,500	-	-	(62,500)	5,750,000
	21 January 2017 – 20 January 2018	5,812,500	-	-	(62,500)	5,750,000		
	21 January 2018 – 20 January 2019	5,812,500	-	-	(62,500)	5,750,000		



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 30 September 2015
				Outstanding at 1 January 2015	Granted during the Nine-Month Period	Exercised during the Nine-Month Period	Lapsed during the Nine-Month Period	
	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	–	5,550,000	–	(200,000)	5,350,000
			20 January 2017 – 19 January 2018	–	5,550,000	–	(200,000)	5,350,000
			20 January 2018 – 19 January 2019	–	5,550,000	–	(200,000)	5,350,000
			20 January 2019 – 19 January 2020	–	5,550,000	–	(200,000)	5,350,000
	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
	7 July 2015	1.1020	7 July 2016 – 6 July 2017	–	4,804,875	–	–	4,804,875
			7 July 2017 – 6 July 2018	–	4,804,875	–	–	4,804,875
			7 July 2018 – 6 July 2019	–	4,804,875	–	–	4,804,875
			7 July 2019 – 6 Jul 2020	–	4,804,875	–	–	4,804,875



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 Nine-Month Period	Exercised during the Nine-Month Period	Lapsed during the Nine-Month Period	Outstanding at 30 September 2015
Other eligible participants								
	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	1,050,000	–	(1,050,000)	–	–
	21 December 2011	0.2900	21 December 2014 – 20 December 2015	9,159,750	–	(3,250,000)	–	5,909,750
			21 December 2015 – 20 December 2016	9,159,750	–	–	–	9,159,750
	17 August 2012	0.1006	17 August 2014 – 16 August 2015	907,500	–	(907,500)	–	–
			17 August 2015 – 16 August 2016	10,907,500	–	(10,032,500)	–	875,000
			17 August 2016 – 16 August 2017	10,907,500	–	–	–	10,907,500
	9 January 2013	0.4250	9 January 2014 – 8 January 2015	2,000,000	–	(2,000,000)	–	–
			9 January 2015 – 8 January 2016	21,250,000	–	(19,250,000)	–	2,000,000
			9 January 2016 – 8 January 2017	21,250,000	–	–	–	21,250,000
			9 January 2017 – 8 January 2018	21,250,000	–	–	–	21,250,000
	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	–	(1,000,000)	–	9,643,961
			23 May 2016 – 22 May 2017	10,643,961	–	–	–	10,643,961
			23 May 2017 – 22 May 2018	10,643,961	–	–	–	10,643,961
	21 January 2014	1.3100	21 January 2015 – 20 January 2016	79,575,500	–	(62,500)	(13,398,000)	66,115,000
			21 January 2016 – 20 January 2017	79,575,500	–	–	(13,398,000)	66,177,500
			21 January 2017 – 20 January 2018	79,575,500	–	–	(13,398,000)	66,177,500
			21 January 2018 – 20 January 2019	79,575,500	–	–	(13,398,000)	66,177,500
	20 January 2015	0.9200	20 January 2016 – 19 January 2017	–	7,500,000	–	–	7,500,000
			20 January 2017 – 19 January 2018	–	7,500,000	–	–	7,500,000
			20 January 2018 – 19 January 2019	–	7,500,000	–	–	7,500,000
			20 January 2019 – 19 January 2020	–	7,500,000	–	–	7,500,000



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 Nine-Month Period	Exercised during the Nine-Month Period	Lapsed during the Nine-Month Period	Outstanding at 30 September 2015
	7 July 2015	1.1020	7 July 2016 – 6 July 2017	-	70,273,192	-	-	70,273,192
			7 July 2017 – 6 July 2018	-	70,273,198	-	-	70,273,198
			7 July 2018 – 6 July 2019	-	70,273,192	-	-	70,273,192
			7 July 2019 – 6 July 2020	-	70,273,198	-	-	70,273,198
Total				730,769,426	425,457,080	(79,808,922)	(102,816,500)	973,601,084
Exercisable at the end of the period				53,150,672				133,361,731
Weighted average exercise price of the outstanding share option				HK\$0.9106				HK\$0.9980

During the Nine-Month Period, options in respect of 52,200,000 Shares, 72,944,800 Shares and 300,312,280 Shares (totalling 425,457,080 Shares) were granted on 20 January 2015, 1 June 2015 and 7 July 2015 respectively to Directors, eligible employees and eligible participants under the Share Option Scheme. Closing prices of the Shares immediately before 20 January 2015, 1 June 2015 and 7 July 2015 were HK\$0.9200 per Share, HK\$0.8700 per Share and HK\$1.0300 per Share respectively. No options were cancelled but options in respect of 102,816,500 Shares were lapsed during the Nine-Month Period.

As a result of the options exercised during the Nine-Month Period, 79,808,922 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\$1.0078 per Share.

As at 30 September 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 548,944,004 Shares (as at 31 December 2014: 730,769,426 Shares), representing approximately 12.1% (as at 31 December 2014: 16.5%) of the Company's issued share capital as at 30 September 2015; and (ii) the Share Option Scheme adopted on 23 December 2014 was 424,657,080 Shares (as at 31 December 2014: Nil), representing approximately 9.3% of the Company's issued share capital as at 30 September 2015.

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

	Date of grant					
	7 July 2015	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	300,312,280	72,944,800	52,200,000	25,000,000	359,302,000	43,488,238
Estimated fair values of options granted	HK\$143,453,646	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\$1.0200	HK\$0.8400	HK\$0.9200	HK\$1.3300	HK\$1.3100	HK\$1.1900
Exercise price	HK\$1.1020	HK\$0.8580	HK\$0.9200	HK\$1.3780	HK\$1.3100	HK\$1.1900
Expected volatility	66.39%–75.55%	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	2–5 years	2–9 years	2–5 years	2–5 years
Risk-free interest rate	0.401%–1.156%	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	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 Nine-Month Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.



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;
“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;
“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;
“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);



“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);
“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*), 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.

* *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, 10 November 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 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.

