

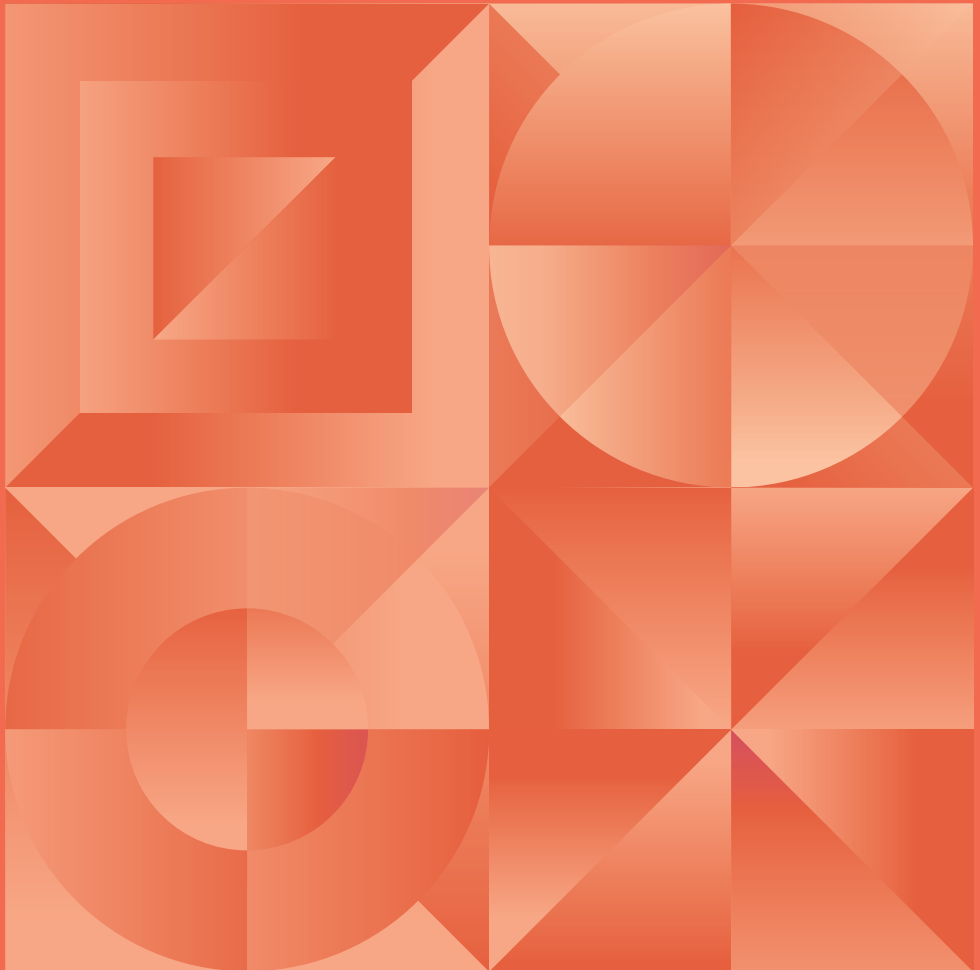


2021

AGTech Holdings Limited

(Incorporated in Bermuda with limited liability)
Stock Code: 8279

FIRST QUARTERLY REPORT



Fortune • Happiness • Health • Luck • Responsibility

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, 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 of Hong Kong Limited 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 THREE MONTHS ENDED 31 MARCH 2021

- Revenue of the Group for the Three-Month Period amounted to approximately HK\$20.7 million (Three months ended 31 March 2020: approximately HK\$13.7 million), representing an increase of approximately 51.3% over the corresponding period in 2020. Revenue contributions were mainly derived from lottery hardware, lottery games and systems, provision of distribution and ancillary services in the PRC, and games and entertainment business in India. The increase in revenue for the Three-Month Period was caused by the increase in sales of lottery hardware of approximately HK\$4.2 million, increase of approximately HK\$5.8 million in revenue from the provision of lottery distribution and ancillary services and increase in revenue from games and entertainment business of approximately HK\$3.0 million, partially offset by the decrease of approximately HK\$5.9 million from the lottery games and systems. Such increases in revenue from lottery hardware and provision of lottery distribution and ancillary services were mainly due to the gradual rebound of the Group's lottery business from the impact of the COVID-19 pandemic (which primarily hit the PRC lottery sales during the first quarter of 2020) since the second half of 2020 through the Three-Month Period. In particular, the increase in revenue from the provision of lottery distribution services was due to the increase in overall lottery sales volume. The increase in revenue from games and entertainment business was caused by an increase in content provision revenue from the Paytm First Games platform in India. The decrease in revenue from lottery games and system was due to the cessation of the sales of two virtual sports lottery games supplied by the Group, namely, "e-Ball Lottery" and "Lucky Racing", from 1 November 2020 and 9 February 2021 respectively.
- Operating loss for the Three-Month Period was approximately HK\$43.9 million (Three months ended 31 March 2020: approximately HK\$72.0 million), representing a decrease of approximately 39.1% over the corresponding period in 2020. Such decrease was mainly due to the change from a foreign exchange loss of approximately HK\$13.8 million for the three months ended 31 March 2020 to a foreign exchange gain of approximately HK\$3.1 million for the Three-Month Period and a decrease in employee benefits expenses by approximately HK\$6.2 million as compared to the corresponding period in 2020.
- The loss for the Three-Month Period was approximately HK\$38.7 million (Three months ended 31 March 2020: approximately HK\$64.6 million), representing a decrease of approximately 40.1% over the corresponding period in 2020.
- The Board does not recommend the payment of an interim dividend for the Three-Month Period.

FIRST QUARTERLY RESULTS

The Board announces the unaudited consolidated results of the Group for the three months ended 31 March 2021 (the “**Three-Month Period**”), together with the unaudited comparative figures for the corresponding period in 2020 as follows:

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

For the three months ended 31 March 2021

	Notes	Three months ended 31 March	
		2021 HK\$'000	2020 HK\$'000
Revenue	2	20,723	13,696
Other income		9,389	3,957
Net other gains/(losses)		3,087	(13,808)
Employee benefits expenses		(45,032)	(51,199)
Purchase of and changes in inventories		(8,027)	(5,927)
Depreciation expenses		(5,155)	(5,831)
Other operating expenses		(18,851)	(12,934)
Operating loss		(43,866)	(72,046)
Gain on fair value changes of contingent consideration payables		–	9,219
Net finance income		5,314	12,835
Share of results of investments accounted for using equity method		–	(13,178)
Loss before income tax		(38,552)	(63,170)
Income tax expense	3	(154)	(1,475)
Loss for the period		(38,706)	(64,645)

		Three months ended	
		31 March	
	<i>Notes</i>	2021	2020
		HK\$'000	HK\$'000
Other comprehensive income:			
<i>Item that will not be reclassified subsequently to profit or loss</i>			
Currency translation differences		(691)	(8,935)
Other comprehensive income for the period, net of tax		(691)	(8,935)
Total comprehensive income for the period		(39,397)	(73,580)
(Loss)/Profit attributable to:			
Owners of the Company		(38,133)	(66,537)
Non-controlling interests		(573)	1,892
		(38,706)	(64,645)
Total comprehensive income attributable to:			
Owners of the Company		(38,711)	(74,817)
Non-controlling interests		(686)	1,237
		(39,397)	(73,580)
Loss per share			
Basic	4	(HK0.33 cent)	(HK0.58 cent)
Diluted	4	(HK0.33 cent)	(HK0.58 cent)

Notes:

1. BASIS OF PREPARATION

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

The consolidated financial information has not been audited by the Company’s auditors, but has been reviewed and commented on by the Company’s audit committee. The accounting policies applied and significant judgements made by management in applying the Group’s accounting policies are consistent with those of the Group’s annual financial statements for the year ended 31 December 2020.

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, as 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 lottery hardware (including provision of related after-sales services), lottery games and systems, provision of lottery distribution and ancillary services in the PRC, and games and entertainment in India and the PRC and is analysed as follows:

	Three months ended	
	31 March	
	2021	2020
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Lottery hardware	9,706	5,550
Lottery games and systems (Note)	67	5,929
Provision of lottery distribution and ancillary services	7,670	1,893
Games and entertainment	3,280	324
	20,723	13,696

Note:

On 23 October 2020, the Ministry of Finance, the Ministry of Civil Affairs and the General Administration of Sport of the PRC jointly announced a notice in relation to, among other things, the proposed cessation of the sales of quick-draw welfare lottery games (福利彩票快開遊戲) and high frequency sports lottery games (體育彩票高頻遊戲) (the “**Joint Notice**”). As a result of the Joint Notice, which applied to all quick-draw welfare lottery games (福利彩票快開遊戲) and high frequency sports lottery games (體育彩票高頻遊戲) in the PRC, the Group received a written implementation letter dated 23 October 2020 from Jiangsu Sports Lottery Administration Centre in relation to, among other matters, the cessation of the sales of a football themed virtual sports lottery game “e-Ball Lottery” in Jiangsu Province of the PRC with effect from 1 November 2020. As a result of the Joint Notice, the sales of a motor racing-themed virtual sports lottery game “Lucky Racing” in Hunan Province of the PRC, as a high frequency sports lottery game also ceased from 9 February 2021.

3. INCOME TAX EXPENSE

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

4. LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the unaudited loss attributable to owners of the Company for the Three-Month Period of approximately HK\$38,133,000 (for the three months ended 31 March 2020: approximately HK\$66,537,000) by the weighted average number of ordinary shares outstanding during the period of approximately 11,672,342,000 (for the three months ended 31 March 2020: approximately 11,672,342,000) shares and excluding the weighted average number of shares held for share award scheme of approximately 171,582,000 (for the three months ended 31 March 2020: approximately 167,861,000) shares.

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has three categories of dilutive potential ordinary shares: contingent considerations, share options and share awards. The contingent considerations are assumed to have been settled in ordinary shares, and the loss attributable to owners of the Company is adjusted to eliminate the relevant fair value changes. For the share options and share awards, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options and share awards.

For the Three-Month Period, contingent considerations and share options are excluded from the computation of the diluted loss per share as there were no contingent considerations and share options outstanding as at 31 March 2021. The computation of the diluted loss per share does not assume the vesting of the outstanding share awards, as they would decrease the diluted loss per share.

For the period ended 31 March 2020, the computation of the diluted loss per share does not assume the exercise of the outstanding share options and the vesting of the outstanding share awards, as they would decrease the diluted loss per share. Contingent considerations are not treated as outstanding and are excluded from the computation of the diluted loss per share as the conditions are not satisfied as at 31 March 2020.

5. DIVIDEND

The Board does not recommend the payment of an interim dividend for the Three-Month Period (2020: nil).

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the Three-Month Period

	Attributable to owners of the Company											Attributable to non-controlling interests		Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Shares held for share award scheme HK\$'000	Share options reserve HK\$'000	Share awards reserve HK\$'000	Statutory reserve HK\$'000	Exchange reserve HK\$'000	Contributed surplus HK\$'000	Property revaluation reserve HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Subtotal HK\$'000	HK\$'000	
Balance at 1 January 2021	23,344	3,395,298	(122,981)	-	39,979	26,756	108,924	47,191	14,402	45,081	(682,254)	2,895,740	47,574	2,943,314
Loss for the period	-	-	-	-	-	-	-	-	-	-	(38,133)	(38,133)	(573)	(38,706)
Other comprehensive income for the period	-	-	-	-	-	-	(578)	-	-	-	-	(578)	(113)	(691)
Total comprehensive income for the period	-	-	-	-	-	-	(578)	-	-	-	(38,133)	(38,711)	(686)	(39,397)
Recognition of equity settled share-based payments	-	-	-	-	6,403	-	-	-	-	-	-	6,403	-	6,403
Purchase of shares under share award scheme	-	-	(561)	-	-	-	-	-	-	-	-	(561)	-	(561)
Transfer of shares upon vesting of share awards under share award scheme	-	(253)	2,154	-	(1,901)	-	-	-	-	-	-	-	-	-
Transactions with a shareholder – Employee share-based compensation	-	-	-	-	-	-	-	-	-	(38)	-	(38)	-	(38)
– Employee share-based compensation recharge	-	-	-	-	-	-	-	-	-	(299)	-	(299)	-	(299)
Balance at 31 March 2021	23,344	3,395,045	(121,388)	-	44,481	26,756	108,346	47,191	14,402	44,744	(720,387)	2,862,534	46,888	2,909,422
Balance at 1 January 2020	23,344	3,389,886	(131,811)	47,547	50,366	24,253	77,971	47,191	14,402	75,406	(636,331)	2,982,224	32,998	3,015,222
Loss for the period	-	-	-	-	-	-	-	-	-	-	(66,537)	(66,537)	1,892	(64,645)
Other comprehensive income for the period	-	-	-	-	-	-	(8,280)	-	-	-	-	(8,280)	(655)	(8,935)
Total comprehensive income for the period	-	-	-	-	-	-	(8,280)	-	-	-	(66,537)	(74,817)	1,237	(73,580)
Recognition of equity settled share-based payments	-	-	-	-	9,137	-	-	-	-	-	-	9,137	-	9,137
Lapse of share options	-	-	-	(5,050)	-	-	-	-	-	-	5,050	-	-	-
Purchase of shares under share award scheme	-	-	(7,382)	-	-	-	-	-	-	-	-	(7,382)	-	(7,382)
Transfer of shares upon vesting of share awards under share award scheme	-	(350)	3,321	-	(2,971)	-	-	-	-	-	-	-	-	-
Transactions with a shareholder – Employee share-based compensation	-	-	-	-	-	-	-	-	-	282	-	282	-	282
– Employee share-based compensation recharge	-	-	-	-	-	-	-	-	-	(349)	-	(349)	-	(349)
Balance at 31 March 2020	23,344	3,389,536	(135,872)	42,497	56,532	24,253	69,691	47,191	14,402	75,339	(697,818)	2,909,095	34,235	2,943,330

DISCUSSION AND ANALYSIS OF THE GROUP'S RESULTS AND BUSINESS

ABOUT THE GROUP

AGTech was incorporated in Bermuda and its Shares are listed on GEM (Stock Code: 8279). AGTech is an integrated technology and services company engaged in the lottery and mobile games and entertainment market with a focus on China and selected international markets. As a member of the Alibaba Group, AGTech is the exclusive lottery platform of Alibaba Group and Ant Group.

AGTech's businesses are broadly divided into two categories:

- Lottery (including hardware, games and systems and provision of distribution and ancillary services); and
- Games and Entertainment.

AGTech is a Gold Contributor of the World Lottery Association (WLA), an associate member of the Asia Pacific Lottery Association (APLA), and an official partner of the International Mind Sports Association (IMSA).

CORPORATE STRATEGY AND OBJECTIVES

AGTech is committed to evolving its business into a comprehensive lottery, mobile games and entertainment content and technology provider to customers around the world.

As the exclusive lottery platform of Alibaba Group and Ant Group, lottery technology and services will continue to be AGTech's domain expertise. The Group continues to leverage its lottery industry experience and innovation to support lottery authorities in areas including product development, physical channel expansion, innovative hardware, marketing services and promotions, all in assisting to broaden the reach of lottery products in China and to advance the industry as a whole.

The Group will continue to develop differentiated games and entertainment platforms with the goal of integrating unique social games and sports entertainment content, ultimately to create an innovative business model to increase the Group's commercial value.

Looking forward, AGTech will continue to pursue overseas opportunities and globalize our business through offering our proprietary systems and platforms, as well as operational and technical expertise, in addition to seeking strategic partnership with local partners in Asia.

INDUSTRY OVERVIEW

Lottery

There are two legal lottery operators in the PRC: the national welfare lottery ("**Welfare Lottery**") and the national sports lottery ("**Sports Lottery**").

According to MOF figures*, during the Three-Month Period, PRC lottery sales amounted to approximately RMB84.5 billion, representing an increase of approximately 124% over the corresponding period in 2020. Of this, Welfare Lottery amounted to approximately RMB33.9 billion, representing an increase of approximately 88% compared to the corresponding period in 2020. Sports Lottery achieved sales of approximately RMB50.5 billion, representing an increase of approximately 157% compared to the corresponding period in 2020.

At the beginning of 2019, Chinese lottery authorities advised on a series of operating and governing recommendations with an aim to improve on risk management supervision and to promote responsible lottery. Market supervision will be strengthened to ensure the healthy development of the lottery industry.

On 23 October 2020, the Ministry of Finance, the Ministry of Civil Affairs and the General Administration of Sport of the PRC jointly announced the Joint Notice in relation to the cessation of the sales of quick-draw welfare lottery games (福利彩票快開遊戲) and high frequency sports lottery games (體育彩票高頻遊戲) from 1 November 2020 or after the Chinese New Year of 2021, as the case may be.

* Source: Ministry of Finance of the PRC

Games and Entertainment

The proliferation of smartphones in the PRC over the last several years, coupled with ever improving content across games categories, have increased mobile games consumption significantly. New technologies, improved network infrastructure, less expensive access to high-speed data and enhanced mobile devices have all contributed to the increase of mobile content consumption in China, thereby driving impressive levels of innovation in mobile games and entertainment content.

In fact, China has become one of the largest mobile games markets in the world. However, over the course of 2018 and 2019, we noted that certain PRC government's directives were issued to closely regulate the administration of the online game industry and the PRC government had paid attention to the internet industry. This may cause uncertainties to China's overall games industry.

On the other hand, the online gaming market in India has seen tremendous growth of late, driven by the surge in digital usage and growth in digital payments ecosystem. According to a recent report on India's Media & Entertainment ("M&E") sector by Ernst & Young Associates LLP ("EY")*, it is estimated by EY that the online gaming segment revenue in India grew 18% in 2020 to reach INR77 billion (equivalent to approximately HK\$7.99 billion or approximately US\$1.03 billion) as online gamers grew 20% from 300 million in 2019 to 360 million in 2020, and is expected to reach 510 million by 2022. Transaction-based game revenues grew 21% on the back of fantasy sports, rummy and poker, while casual gaming revenues grew 7% led by in-app purchases. The revenue of this online gaming segment is expected to reach INR155 billion (equivalent to approximately HK\$16.09 billion or approximately US\$2.07 billion) by 2023 at a compound annual growth rate of 27% to become the third largest segment of the Indian M&E sector.

* Source: "Playing by new rules: India's Media & Entertainment sector reboots in 2020 (March 2021) by EY"

BUSINESS REVIEW

Lottery Resources Channel

The Group has successfully launched its dedicated lottery resources channel on mobile Taobao and mobile Alipay. While this lottery resources channel has not conducted any internet lottery sales, it serves as a one-stop platform for many lottery-related services and resources, providing lottery players and online users in China an easy access to information and resources that address various lottery needs.

Tools on the lottery resources channel include displaying of certain historical and current lottery products results. Further, the channel compiles the locations of nearby lottery retail channels, paving the way for further integration of online and offline resources in the future. With the recent addition of sporting content, we will continue to expand our range of tools and products according to market demands and users' needs. Through this channel, we hope to build on our online presence and maximize the value of our business partnership with Alibaba Group and Ant Group, in addition to preparation for any potential approval and authorization of online distribution of lottery products in the future.

The Group will continue to leverage on and explore opportunities for collaboration with Alibaba Group's retail ecosystem to enhance on lottery distribution models. We believe that the integration of lottery services and products through physical retail distribution channel and networks will continue to create synergy and opportunities in the future.

Hardware

The development, sale and maintenance of hardware (terminal and other lottery related equipment)

AGTech's Hardware division primarily supplies to Sports Lottery and Welfare Lottery and has hardware deployed in multiple provinces, cities, municipalities and autonomous regions across China. The Group is one of the leading manufacturers and suppliers in China of lottery terminals, and paper scratch card sales hardware (instant ticket verification terminals, "IVT(s)") and continues to occupy the largest market share in Sports Lottery terminal market. The Group's Hardware division continues to focus on research and development in order to broaden and improve its product spectrum and develop new hardware ranges in anticipation to further opportunities and transition to other consumer sectors.

During the Three-Month Period, the Group won two lottery hardware tenders to supply lottery terminals to the SLACs in Guangxi Zhuang Autonomous Region and Fujian province of the PRC. These successful tenders further strengthened the Group's top-tier position in China's lottery hardware market and demonstrated the continued competitiveness of the Group's lottery terminals. The Group will continue to pursue tenders to supply to the lottery and other hardware markets and bid for new contracts as tenders resume post COVID-19 delays.

Games and Entertainment

Online non-lottery games and entertainment content

The Group is dedicated to evolving its business into a comprehensive lottery, mobile games and entertainment content and technology provider to customers around the world. With this in mind, and in preparation for any potential approval and authorization of online distribution of regulated lottery products, the Group has been active in building our online presence and customer-base through various online channels by offering various types of proprietary non-lottery games and entertainment content.

International Market

Strategic expansion in selected overseas markets

- (i) Paytm First Games Private Limited (“**Paytm First Games**”) in India:

A joint venture of the Group with One97 Communications Limited, Paytm First Games, continued to develop its mobile games and entertainment platform in India. Paytm First Games offers players a unique online experience with popular games content such as rummy and fantasy sports games. While the COVID-19 pandemic affected operations of many industries on a global basis, the online gaming industry in India witnessed a significant growth this past year with more players staying home. Indeed, Paytm First Games has emerged as one of the country's go-to gaming destinations, with its registered users grown to over 80 million in 2020.

As brand influence of the platform continues to grow, and in addition to the momentum building off a successful Indian Premier League (IPL) campaign in 2020, the most popular and locally followed professional cricket league in India, Paytm First Games will strive to continue to grow its user base, further monetizing this unique platform and capitalizing on the significant potential of the fast growing mobile games and entertainment market in India in the upcoming year.

With an outlook in grooming the platform to become one of the major market players, the Group is fully committed to the development of Paytm First Games and will continue to dedicate additional resources and funding to this joint venture in order to further its future expansion.

(ii) Ant Bank (Macao) Limited (the “**Bank**”) in Macau:

The Bank is joint venture company held as to 66.7% by two indirectly wholly-owned subsidiaries of Ant Holdco and as to 33.3% by a 30% indirectly owned associated company of the Company. The Bank officially commenced operations in April 2019, with a business scope of providing mobile payment services and financial banking services such as deposit, loan and remittance services to residents and small and medium-sized enterprises (“**SMEs**”) of Macau. The chairman and CEO of the Company, Mr. Sun Ho, and the non-executive Director, Mr. Ji Gang, are also directors of the Bank.

The Bank is committed to bringing safe, green and contactless online payment methods and inclusive financial services to Macau residents and SMEs by using innovative technology. In September 2019, the Bank officially launched the Alipay e-wallet payment service in Macau. Macau users can enjoy convenient Taobao online shopping experience by paying in Macanese patacas (MOP) without any handling fee, via topping up their accounts in convenience stores offline, or binding them with bank accounts of mainstream banks in Macau online. Furthermore, the Bank continues to expand its online and offline payment scenarios, as well as opening and expanding offline merchant service network through cooperation with local acquirers.

In addition to its e-wallet payment service, the Bank, as the first bank in Macau that positions itself on internet financial services, provides internet financial products in Macau and brings contactless online financial services to Macau residents and SMEs. Moreover, the Bank had initiated the first online personal bank account opening service in Macau through the usage of financial technologies such as face recognition and ID recognition. After downloading the mobile app of the Bank, Macau residents can open their personal bank accounts online within a few minutes.

In terms of financial services for SMEs, the Bank has leveraged Ant Group’s practical experience of focusing on inclusive financial services to tailor-make a mortgage-free and fee-free credit loan service for Macau SMEs engaged in retailing, catering and trading services.

BUSINESS OUTLOOK

Despite ongoing headwinds and uncertainties with regard to the COVID-19 situation globally, we have seen a steady recovery in the PRC market since lottery related activities resumed. The Group will proactively transform and build on our leading position within the Chinese lottery industry. As the exclusive lottery business platform of Alibaba Group and Ant Group, we expect to further align and benefit from synergies created through cooperation with Alibaba Group and Ant Group.

Our continuing efforts to partner with additional provincial lottery authorities of China in areas such as technology and business innovation, channel expansion and distribution, smart hardware terminals, data services, and other value added ancillary services are all part of our lottery initiatives. Transformation towards digitalization will continue, as our lottery solutions will enhance synergy and create value to the lottery industry chain. Our platform is expected to be well equipped for applications within the Alibaba digital ecosystem, in addition to any potential change in distribution channels other than the current retail model. While the Group believes that the potential of internet and mobile distribution channels in the PRC lottery markets are promising, there is still uncertainty as to the timing of the potential re-opening of the online lottery distribution market under the applicable PRC laws and regulations. In this respect, we will continue to closely monitor policy developments.

The Group continues to operate the lottery channel on mobile Taobao and mobile Alipay to serve as a one-stop platform on lottery related information for existing and potential customers. We aim to roll out further engagement features and tools through innovation to improve user experience and engagement.

Transition to other consumer sectors presents an opportunity for the further development of the Group's hardware business. Many of the hardware supplies for the retail market share similar technology and components that underlie the lottery hardware products supplied by the Group throughout the years. We believe our hardware division continues to be well positioned to take advantage of such opportunities in the foreseeable future.

The Group is also leveraging on our existing products and technology to innovate and improve on digitalization of sporting content. Building off the successful launch of our fantasy sports products on the Paytm First Games platform in India, we will continue to seek for strong suitable partners in selected international markets to leverage on our platforms of games and entertainment offerings, as well as technical and operation abilities to further our B2B business segment. We believe that having a robust sports-oriented solution will allow the Group to capture opportunities and gain an edge in the fast-evolving sports-entertainment sector.

With regards to our investment in the Bank, the Group will continue to dedicate our commitment and support to grow the business and further capitalize on opportunities in Macau and overseas.

Lastly, the Group's continuing investment to enhance our technology infrastructure and develop our in-house capabilities through games and lottery entertainment as a medium continues to be a demonstration of our commitment to generate long term sustainable growth for the Shareholders.

FINANCIAL PERFORMANCE REVIEW

Revenue of the Group for the Three-Month Period amounted to approximately HK\$20.7 million (Three months ended 31 March 2020: approximately HK\$13.7 million), representing an increase of approximately 51.3% over the corresponding period in 2020. Revenue contributions were mainly derived from lottery hardware, lottery games and systems, provision of distribution and ancillary services in the PRC, and games and entertainment business in India. The increase in revenue for the Three-Month Period was caused by the increase in sales of lottery hardware of approximately HK\$4.2 million, increase of approximately HK\$5.8 million in revenue from the provision of lottery distribution and ancillary services and increase in revenue from games and entertainment business of approximately HK\$3.0 million, partially offset by the decrease of approximately HK\$5.9 million from the lottery games and systems. Such increases in revenue from lottery hardware and provision of lottery distribution and ancillary services were mainly due to the gradual rebound of the Group's lottery business from the impact of the COVID-19 pandemic (which primarily hit the PRC lottery sales during the first quarter of 2020) since the second half of 2020 through the Three-Month Period. In particular, the increase in revenue from the provision of lottery distribution services was due to

the increase in overall lottery sales volume. The increase in revenue from games and entertainment business was caused by an increase in content provision revenue from the Paytm First Games platform in India. The decrease in revenue from lottery games and system was due to the cessation of the sales of two virtual sports lottery games supplied by the Group, namely, "e-Ball Lottery" and "Lucky Racing", from 1 November 2020 and 9 February 2021 respectively.

Operating loss for the Three-Month Period was approximately HK\$43.9 million (Three months ended 31 March 2020: approximately HK\$72.0 million). Such decrease was mainly due to the changing from a foreign exchange loss of approximately HK\$13.8 million for the three months ended 31 March 2020 to a foreign exchange gain of approximately HK\$3.1 million for the Three-Month Period as a result of the appreciation of US\$ against HK\$ during the period, which gave rise to foreign exchange gain from translating the US\$ denominated cash and bank balances to the Group's presentation currency. As part of the Group's continuous measures to strengthen cost controls over operating costs and expenses to enhance the Group's competitive position in the industry, the total headcount of the Group decreased from approximately 360 as at 31 March 2020 to approximately 230 as at 31 March 2021, resulting in a decrease in employee benefits expenses by approximately 12.1% to approximately HK\$45.0 million for the Three-Month Period (Three months ended 31 March 2020: approximately HK\$51.2 million).

The loss for the Three-Month Period was approximately HK\$38.7 million (Three months ended 31 March 2020: approximately HK\$64.6 million), representing a decrease of approximately 40.1% over the corresponding period in 2020. There were no outstanding contingent consideration payables as at 31 December 2020 and since then no more fair value change (Three months ended 31 March 2020: gain of approximately HK\$9.2 million) were recognized during the Three-Month Period.

Share of results of investments accounted for using equity method for the three months ended 31 March 2020 primarily represented the share of loss of the Group's joint venture with One97 Communications Limited in India of approximately HK\$13.2 million. Investments accounted for using equity method amounted to HK\$Nil as at 31 December 2020 and since then no share of results of the investments accounted for using equity method was recognized during the Three-Month Period.

Other operating expenses for the Three-Month Period were approximately HK\$18.9 million (Three months ended 31 March 2020: approximately HK\$12.9 million). The increase was mainly due to the increase in distribution expenses related to lottery distribution of approximately HK\$3.6 million.

USE OF PROCEEDS FROM THE SUBSCRIPTION

The net proceeds from the Subscription (the “**Net Proceeds**”) received by the Company upon its completion amounted to approximately HK\$2.38 billion.

The Company announced various re-allocations (the “**2020 Re-allocations**”) of the Net Proceeds that remained as at 31 March 2020 (the “**Remaining Net Proceeds**”) together with their reasons in the Company’s first quarterly results announcement for the three months ended 31 March 2020, and such re-allocations had been implemented since then. As disclosed in the section headed “USE OF PROCEEDS FROM THE SUBSCRIPTION” on pages 112 to 115 of the annual report of the Company for the year ended 31 December 2020, Net Proceeds in the sum of approximately HK\$664.1 million remained as at 31 December 2020.

During the Three-Month Period, approximately HK\$56.6 million in total was used by the Group for the business divisions of the Group and for investment, acquisition and general corporate purposes in the manner as set out in the table below. Net Proceeds in the sum of approximately HK\$607.5 million remained as at 31 March 2021, which were placed in the bank accounts of the Group.

Business divisions of the Group, or investment, acquisition or general corporate purposes, for which the Remaining Net Proceeds are intended to be used	Amount of Remaining Net Proceeds re-allocated and remained to be used as of 31 December 2020	Amount of Remaining Net Proceeds actually used during the Three-Month Period	Actual application of Remaining Net Proceeds during the Three-Month Period (with expected timeline of usage of unused proceeds and explanations for material difference from intended usage, if any)
(i) Games and Entertainment:	approximately HK\$79.5 million (or approximately 12.0% of total remaining as at 31 December 2020)	approximately HK\$6.9 million	The Remaining Net Proceeds were used in items (i)(b) to (i)(c).
(a) development, operation and promotion of the Chinese card game, GuanDan, and Two-on-One Poker			No material difference from intended usage noted following the 2020 Re-allocations.
(b) development, operation and promotion of the mind sports, leisure games and entertainment			The Remaining Net Proceeds allocated to “Games and Entertainment” are expected to be used on or before 31 December 2022.
(c) research and development (“R&D”) of games and entertainment content that are not subject to the applicable lottery laws and regulations in the PRC or other overseas markets			
(d) expansion and development of the Group’s R&D capability in technology development for games and systems			
(e) payment of marketing fees to merchants to promote and boost online activities by online users			

Business divisions of the Group, or investment, acquisition or general corporate purposes, for which the Remaining Net Proceeds are intended to be used	Amount of Remaining Net Proceeds re-allocated and remained to be used as of 31 December 2020	Amount of Remaining Net Proceeds actually used during the Three-Month Period	Actual application of Remaining Net Proceeds during the Three-Month Period (with expected timeline of usage of unused proceeds and explanations for material difference from intended usage, if any)
(ii) Hardware, Lottery Games & Systems:	approximately HK\$166.7 million (or approximately 25.1% of total remaining as at 31 December 2020)	approximately HK\$18.2 million	The Remaining Net Proceeds were used in items (ii)(a) to (ii)(b) and (ii)(e).
(a) operation and development of lottery hardware and terminal production			No material difference from intended usage noted following the 2020 Re-allocations.
(b) operation and development of lottery software systems			
(c) development of ancillary parts for lottery hardware and terminal production			The Remaining Net Proceeds allocated to “Hardware, Lottery Games & Systems” are expected to be used on or before 31 December 2022.
(d) investment for lottery games			
(e) sourcing, manufacturing, operation and development of smart hardware and ancillary equipment and provision of related after-sales maintenance services			

Business divisions of the Group, or investment, acquisition or general corporate purposes, for which the Remaining Net Proceeds are intended to be used	Amount of Remaining Net Proceeds re-allocated and remained to be used as of 31 December 2020	Amount of Remaining Net Proceeds actually used during the Three-Month Period	Actual application of Remaining Net Proceeds during the Three-Month Period (with expected timeline of usage of unused proceeds and explanations for material difference from intended usage, if any)
<p>(iii) Lottery distribution:</p> <p>(a) sales, marketing and distribution of virtual lottery games</p> <p>(b) sales, marketing and distribution of instant scratch lottery games</p> <p>(c) sales, marketing and distribution of other categories of lottery games</p> <p>(d) online sales, marketing and distribution of lottery products (including but not limited to the future cooperation with Taobao and Alipay)</p>	<p>approximately HK\$160.1 million (or approximately 24.1% of total remaining as at 31 December 2020)</p>	<p>approximately HK\$14.2 million</p>	<p>The Remaining Net Proceeds were used in items (iii)(b) to (iii)(c).</p> <p>No material difference from intended usage noted following the 2020 Re-allocations.</p> <p>The Remaining Net Proceeds allocated to “Lottery Distribution” are expected to be used on or before 31 December 2022.</p>

Business divisions of the Group, or investment, acquisition or general corporate purposes, for which the Remaining Net Proceeds are intended to be used	Amount of Remaining Net Proceeds re-allocated and remained to be used as of 31 December 2020	Amount of Remaining Net Proceeds actually used during the Three-Month Period	Actual application of Remaining Net Proceeds during the Three-Month Period (with expected timeline of usage of unused proceeds and explanations for material difference from intended usage, if any)
(iv) Investment project(s) and acquisition(s):	approximately HK\$104.2 million (or approximately 15.7% of total remaining as at 31 December 2020)	Nil	The Remaining Net Proceeds allocated to "Investment project(s) and acquisition(s)" are expected to be used on or before 31 December 2022.
(a) potential investment project(s) in overseas markets in areas of lottery business and games and entertainment business			
(b) potential acquisition(s) of businesses engaged in lottery business and games and entertainment business			
(c) capital investments in the Group's joint venture company established with One97 Communications Limited in India			
(d) funding provided by the Group to support business expansion and ongoing operation in overseas markets			

Business divisions of the Group, or investment, acquisition or general corporate purposes, for which the Remaining Net Proceeds are intended to be used	Amount of Remaining Net Proceeds re-allocated and remained to be used as of 31 December 2020	Amount of Remaining Net Proceeds actually used during the Three-Month Period	Actual application of Remaining Net Proceeds during the Three-Month Period (with expected timeline of usage of unused proceeds and explanations for material difference from intended usage, if any)
(v) General corporate purposes:	approximately HK\$153.6 million	approximately HK\$17.3 million	The Remaining Net Proceeds were used in items (v)(a) to (v)(b).
(a) staff costs and other administrative expenses of the Group (including the costs relating to the Share Award Scheme)	(or approximately 23.1% of total remaining as at 31 December 2020)		No material difference from intended usage noted following the 2020 Re-allocations.
(b) general working capital of the Group			The Remaining Net Proceeds allocated to “General corporate purposes” are expected to be used on or before 31 December 2022.
Grand total:	approximately HK\$664.1 million	approximately HK\$56.6 million	

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

As at 31 March 2021, 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 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 Shares/restricted share units of the Company:

Name of Director	Number of Shares/restricted share units held			Approximate percentage held (Note 1)
	Personal interest	Corporate interest	Total	
Mr. Sun Ho	46,158,000 (Note 2)	2,006,250,000 (Note 3)	2,052,408,000	17.584%
Ms. Hu Taoye	384,000	–	384,000	0.003%
Mr. Yang Guang	–	–	–	0%
Mr. Li Faguang	–	–	–	0%
Mr. Ji Gang	–	–	–	0%
Mr. Zou Liang	–	–	–	0%
Ms. Monica Maria Nunes	1,750,000	–	1,750,000	0.015%
Mr. Feng Qing	375,000	–	375,000	0.003%
Dr. Gao Jack Qunyao	750,000	–	750,000	0.006%

Notes:

- Based on a total of 11,672,342,235 Shares in issue as at 31 March 2021.
- It represents 36,618,000 Shares and 9,540,000 restricted share units (granted under the Share Award Scheme) beneficially held by Mr. Sun Ho.
- 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, the chairman, executive Director & CEO of the Company, Mr. Sun was deemed to be interested in such Shares under the SFO.

- b. Long positions in shares and underlying shares of Alibaba Holding, an associated corporation of the Company within the meaning of Part XV of the SFO:

Name of Director	Nature of interests	Number of shares/ underlying shares of Alibaba Holding held <i>(Note 7)</i>	Percentage of issued shares of Alibaba Holding <i>(Note 1)</i>
Ms. Hu Taoye	Beneficial and equity derivative interests	134,560 <i>(Note 2)</i>	0.001%
Mr. Yang Guang	Beneficial and equity derivative interests	271,224 <i>(Note 3)</i>	0.001%
Mr. Li Faguang	Beneficial and equity derivative interests	142,624 <i>(Note 4)</i>	0.001%
Mr. Ji Gang	Beneficial and equity derivative interests	75,640 <i>(Note 5)</i>	negligible
Mr. Zou Liang	Beneficial and equity derivative interests	16,320 <i>(Note 6)</i>	negligible

Notes:

1. Based on a total of 21,688,948,800 ordinary shares in issue as at 31 March 2021.
2. It represents 98,560 ordinary shares and 36,000 restricted share units of Alibaba Holding beneficially held by Ms. Hu Taoye.
3. It represents 47,224 ordinary shares and 224,000 restricted share units of Alibaba Holding beneficially held by Mr. Yang Guang.
4. It represents 44,224 ordinary shares and 98,400 restricted share units of Alibaba Holding beneficially held by Mr. Li Faguang.
5. It represents 29,720 ordinary shares and 45,920 restricted share units of Alibaba Holding beneficially held by Mr. Ji Gang.

6. It represents 16,320 restricted share units of Alibaba Holding beneficially held by Mr. Zou Liang.
7. The shareholders of Alibaba Holding approved an increase in the number of authorized ordinary shares and a one-to-eight share subdivision of Alibaba Holding's ordinary shares, including all outstanding options, restricted share units and share awards at the annual general meeting held on 15 July 2020 (the "**Share Subdivision**"). As a result of the Share Subdivision, one American depositary share of Alibaba Holding shall represent eight ordinary shares. The number of shares/underlying shares held by each of the relevant Directors shown above has been adjusted to take into account the effect of the Share Subdivision.
- c. Long positions in shares and underlying shares of Alibaba Pictures Group Limited ("**Ali Pictures**"), an associated corporation of the Company within the meaning of Part XV of the SFO:

Name of Director	Nature of interests	Number of shares of Ali Pictures held	Percentage of issued shares of Ali Pictures
Mr. Zou Liang	Beneficial owner	90,000	negligible

Save as disclosed above, as at 31 March 2021, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the 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.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2021, 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 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, were directly or indirectly interested in 5% or more of the issued voting shares of any other member of the Group or held any option in respect of such shares and recorded in the register kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Capacity	Number of Shares held	Approximate percentage of issued share capital of the Company (Note 1)
Ali Fortune (Note 2)	Beneficial owner	6,502,723,993	55.71%
Alibaba Investment Limited (Note 2)	Interest of controlled corporation	6,502,723,993 (Note 8)	55.71%
API Holdings Limited (Note 2)	Interest of controlled corporation	6,502,723,993 (Note 8)	55.71%
Alibaba Holding (Note 3)	Interest of controlled corporation	6,502,723,993 (Note 8)	55.71%
API (Hong Kong) Investment Limited (Note 4)	Interest of controlled corporation	6,502,723,993 (Note 8)	55.71%
Shanghai Yunju Venture Capital Investment Co., Ltd. (formerly known as Shanghai Yunju Investment Management Co., Ltd.) (Note 5)	Interest of controlled corporation	6,502,723,993 (Note 8)	55.71%
Ant Holdco (Note 6)	Interest of controlled corporation	6,502,723,993 (Note 8)	55.71%
Hangzhou Yunbo Investment Consultancy Co., Ltd. (Note 7)	Interest of controlled corporation	6,502,723,993 (Note 8)	55.71%
Mr. Ma Yun (Note 7)	Interest of controlled corporation	6,502,723,993 (Note 8)	55.71%

Name of Shareholder	Capacity	Number of Shares held	Approximate percentage of issued share capital of the Company (Note 1)
Mr. Jing Eric Xiandong (Note 7)	Interest of controlled corporation	6,502,723,993 (Note 8)	55.71%
Ms. Jiang Fang (Note 7)	Interest of controlled corporation	6,502,723,993 (Note 8)	55.71%
Mr. Hu Simon Xiaoming (Note 7)	Interest of controlled corporation	6,502,723,993 (Note 8)	55.71%
Maxprofit Global Inc (Note 9)	Beneficial owner	2,006,250,000	17.19%

Notes:

1. Based on a total of 11,672,342,235 Shares in issue as at 31 March 2021.
2. Alibaba Investment Limited (“**AIL**”) and API Holdings Limited (“**API Holdings**”) hold 60% and 40% of the issued share capital of Ali Fortune, respectively.
3. Alibaba Holding holds 100% of the issued share capital of AIL.
4. API (Hong Kong) Investment Limited holds 100% of the issued share capital of API Holdings.
5. Shanghai Yunju Venture Capital Investment Co., Ltd. (formerly known as Shanghai Yunju Investment Management Co., Ltd.) (“**Shanghai Yunju**”) holds 100% of the issued share capital of API (Hong Kong) Investment Limited.
6. Ant Holdco holds 100% of the equity interests in Shanghai Yunju. Hangzhou Junhan Equity Investment Partnership (Limited Partnership) (“**Junhan**”) and Hangzhou Junao Equity Investment Partnership (Limited Partnership) (“**Junao**”) hold approximately 29.86% and 20.66% of the equity interests in Ant Holdco, respectively.

7. Hangzhou Yunbo Investment Consultancy Co., Ltd. (“**Yunbo**”) is the general partner of both Junhan and Junao, and is owned as to 34%, 22%, 22% and 22% by Mr. Ma Yun, Mr. Jing Eric Xiandong, Ms. Jiang Fang, and Mr. Hu Simon Xiaoming respectively. Pursuant to an agreement (the “**Concert Party Agreement**”) dated 21 August 2020 and entered into between Mr. Ma Yun, Mr. Jing Eric Xiandong, Ms. Jiang Fang, and Mr. Hu Simon Xiaoming, they have agreed on certain arrangements pertaining to their shareholdings in Yunbo. Pursuant to the SFO, since each of Mr. Ma Yun, Mr. Jing Eric Xiandong, Ms. Jiang Fang, and Mr. Hu Simon Xiaoming is a party to the Concert Party Agreement, each of them is deemed to be interested in the Shares in which the other parties to the Concert Party Agreement are interested.
8. Each of ALL, Alibaba Holding, API Holdings, API (Hong Kong) Investment Limited, Shanghai Yunju, Ant Holdco, Junhan, Junao, Yunbo, Mr. Ma Yun, Mr. Jing Eric Xiandong, Ms. Jiang Fang, and Mr. Hu Simon Xiaoming are taken to be interested in an aggregate of 6,502,723,993 Shares by virtue of Part XV of the SFO.
9. As disclosed in the section headed “DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES” above, Mr. Sun Ho was deemed to be interested in these 2,006,250,000 Shares under the SFO by virtue of his interest in Maxprofit Global Inc.

Save as disclosed above, as at 31 March 2021, the Directors or chief executive of the Company were not aware of any other persons (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 was directly or indirectly interested in 5% or more of the issued voting shares of any other member of the Group or held any option in respect of such shares and recorded in the register kept by the Company pursuant to section 336 of the SFO.

INTERESTS OF OTHER PERSONS

As at 31 March 2021, 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.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS AND CONTROLLING SHAREHOLDER'S INTERESTS IN CONTRACTS

Save as disclosed in the sections headed "DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS AND CONTROLLING SHAREHOLDER'S INTERESTS IN CONTRACTS" and "CONTINUING CONNECTED TRANSACTIONS" in the annual report of the Company for the year ended 31 December 2020, there were no transaction, arrangement or contract of significance (whether for the provision of services to the Group or not) in relation to the Group's business to which the Company, any of its controlling shareholders (as defined in the GEM Listing Rules), holding company, subsidiaries or fellow subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the Three-Month Period or at any time during the Three-Month Period.

INTERESTS IN COMPETING BUSINESS

During the Three-Month Period, none of the Directors, the controlling shareholder of the Company and their respective close associates had an interest in a business, which competes or might compete with the businesses of the Group.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three independent non-executive Directors, namely, Ms. Monica Maria Nunes, Mr. Feng Qing and Dr. Gao Jack Qunyao. The Audit Committee is chaired by Ms. Monica Maria Nunes. The Group's unaudited condensed consolidated financial statements for the Three-Month Period (the "2021Q1 Financial Statements") have not been audited by the Company's auditor but this report (including the 2021Q1 Financial Statements) has been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures were made.

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**”). The Company had made specific enquiry with all Directors, and was not aware of any non-compliance with the required standard of dealings set out in the Code of Conduct during the Three-Month Period.

SHARE OPTION SCHEMES

All options granted under the share option scheme adopted by the Company on 18 November 2004 had lapsed in 2019.

During the Three-Month Period, no options were granted by the Company pursuant to the 2014 Share Option Scheme and no options were exercised. All options granted under the 2014 Share Option Scheme had lapsed. As at 31 March 2021, there were no outstanding options granted by the Company pursuant to any share option scheme.

SHARE AWARD SCHEME

During the Three-Month Period, no award Shares were granted to eligible persons under the Share Award Scheme. During the Three-Month Period, 2,900,000 award Shares were vested in the grantees and 20,010,000 award Shares were forfeited.

During the Three-Month Period, 2,076,000 Shares were purchased on the Stock Exchange by the trustee of the Share Award Scheme. In the event that the Board elects to issue new Shares to satisfy any award Shares to be granted under the Share Award Scheme in the future, the maximum number of new Shares so issued shall be limited to 3% of the total issued Shares as at the Adoption Date (i.e. 315,426,263 Shares). The total number of issued Shares as at the Adoption Date was 10,514,208,770.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Three-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:

“Adoption Date”	17 March 2017, being the date on which the Company adopted the Share Award Scheme;
“Ali Fortune”	Ali Fortune Investment Holding Limited, a company incorporated in the British Virgin Island and the controlling shareholder of the Company;
“Alibaba Group”	Alibaba Holding and its subsidiaries;
“Alibaba Holding”	Alibaba Group Holding Limited, a company incorporated in the Cayman Islands, with its American depository shares, each representing eight ordinary shares, listed on the New York Stock Exchange (Stock Symbol: BABA) and its ordinary shares listed on the Main Board of the Stock Exchange (Stock Code: 9988);
“Alipay”	支付寶(中國)網絡技術有限公司(Alipay.com Co., Ltd.), a company incorporated in the PRC, and a wholly-owned subsidiary of Ant Holdco;
“Alipay Group”	Alipay and its subsidiaries;
“Ant Group”	Ant Holdco and its subsidiaries;
“Ant Holdco”	螞蟻科技集團股份有限公司(Ant Group Co., Ltd.) (formerly known as 浙江螞蟻小微金融服務集團股份有限公司(Ant Small and Micro Financial Services Group Co., Ltd.)), a company organized under the laws of the PRC;
“Board”	the board of Directors;

“CEO”	chief executive officer;
“Company” or “AGTech”	AGTech Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on GEM;
“Convertible Bonds”	the convertible bonds of the Company issued to Ali Fortune under the Subscription;
“Director(s)”	the director(s) of the Company;
“GEM”	GEM operated by the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC;
“INR”	Indian Rupees, the lawful currency of India;
“Macau”	the Macau Special Administrative Region of the PRC;
“MOF”	the Ministry of Finance of China;
“PRC” or “China”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);

“Share(s)”	ordinary share(s) of HK\$0.002 each in the share capital of the Company;
“Share Award Scheme”	the share award scheme of the Company adopted on 17 March 2017;
“Share Option Schemes”	the share option schemes of the Company adopted on 18 November 2004 and 23 December 2014 respectively;
“Shareholder(s)”	holder(s) of the Share(s);
“SLAC”	sports lottery administration centre;
“Sports Lottery”	the national sports lottery of China;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription”	the subscription for 4,817,399,245 new Shares and Convertible Bonds in the aggregate principal amount of HK\$712,582,483 by Ali Fortune, which was completed on 10 August 2016;
“Taobao”	淘寶(中國)軟件有限公司 (Taobao (China) Software Co., Ltd.*), a company incorporated in the PRC and a subsidiary of Alibaba Holding;
“US\$”	United States dollars, the lawful currency of the United States of America;
“Welfare Lottery”	the national welfare lottery of China; and
“%”	per cent.

Notes:

1. In this report, the exchange rates of HK\$1.1967 to RMB1.00, INR1 to HK\$0.1 and INR1 to US\$0.013 have been used for reference only.
 2. The English translation of the Chinese company names in this report are included for reference only and should not be regarded as the official English translation of such Chinese company names.
 3. In the event of any inconsistency, the English text of this report shall prevail over the Chinese text.
- * *For identification purposes only*

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

Hong Kong, 11 May 2021

As at the date of this report, the Board comprises (i) Mr. Sun Ho and Ms. Hu Taoye as executive Directors; (ii) Mr. Yang Guang, Mr. Li Faguang, Mr. Ji Gang and Mr. Zou Liang as non-executive Directors; 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 Listed Company Information" 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.