

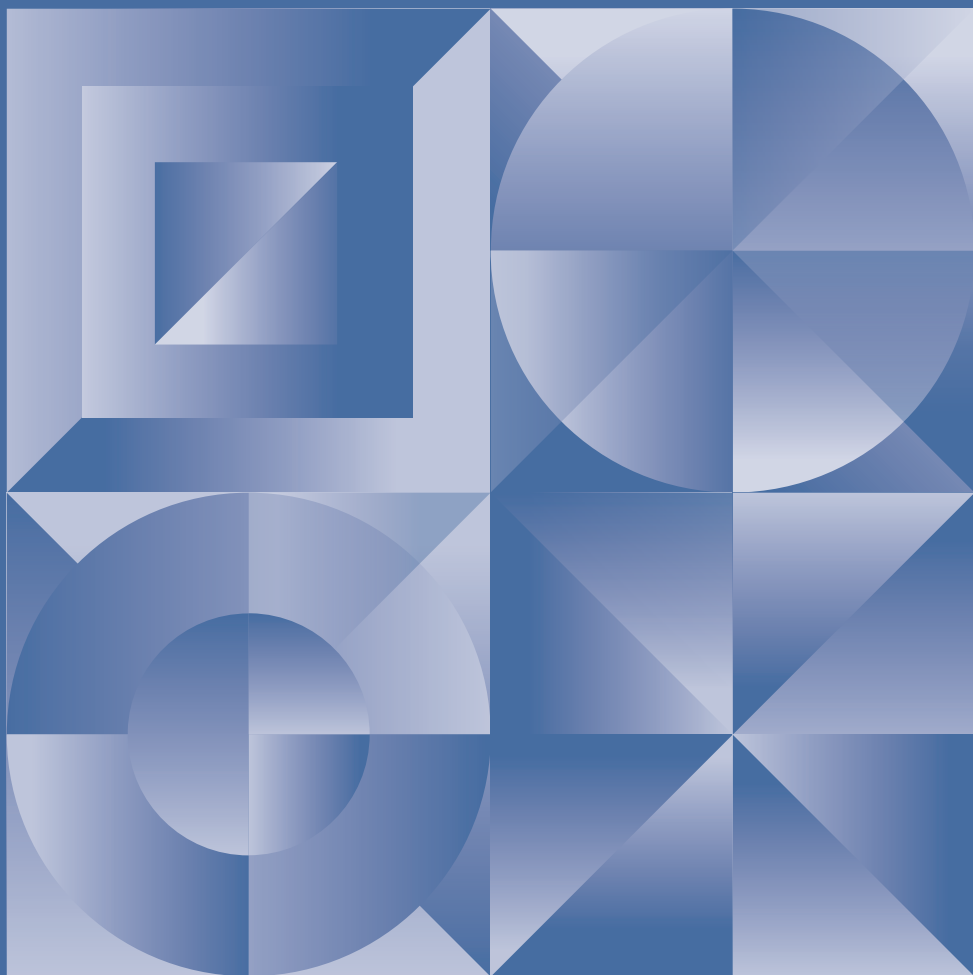


2021

INTERIM REPORT

AGTech Holdings Limited

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



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.

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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 SIX MONTHS ENDED JUNE 30, 2021

- Revenue of the Group for the Six-Month Period amounted to approximately HK\$77.9 million (Six months ended June 30, 2020: approximately HK\$43.9 million), representing an increase of approximately 77.6% over the corresponding period in 2020. For the Six-Month Period, revenue contributions were mainly derived from lottery hardware, provision of lottery distribution and ancillary services, non-lottery hardware in the PRC, and games and entertainment business in India.
- Operating loss for the Six-Month Period was approximately HK\$55.0 million (Six months ended June 30, 2020: approximately HK\$105.6 million), representing a decrease of approximately 47.9% over the corresponding period in 2020. Such decrease was mainly due to the increase in total revenue of the Group as mentioned above, the change from a foreign exchange loss of approximately HK\$14.2 million for the six months ended June 30, 2020 to a foreign exchange gain of approximately HK\$7.5 million for the Six-Month Period, a decrease in employee benefits expenses by approximately HK\$15.8 million as compared to the corresponding period in 2020 and increase in other income by approximately HK\$5.9 million as compared to the corresponding period in 2020.
- The loss for the Six-Month Period was approximately HK\$43.7 million (Six months ended June 30, 2020: approximately HK\$109.7 million), representing a decrease of approximately 60.2% over the corresponding period in 2020.
- The Board does not recommend the payment of an interim dividend for the Six-Month Period.

INTERIM RESULTS

The Board announces the unaudited consolidated results of the Group for the three months ended June 30, 2021 (the “**Three-Month Period**”) and the six months ended June 30, 2021 (the “**Six-Month Period**”), together with the unaudited comparative figures for the corresponding periods in 2020 as follows:

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

For the three months and six months ended June 30, 2021

	Notes	Three months ended June 30		Six months ended June 30	
		2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Revenue	2	57,208	30,191	77,931	43,887
Other income		2,439	2,003	11,828	5,960
Net other gains/(losses)		4,443	(348)	7,530	(14,156)
Employee benefits expenses		(29,827)	(39,499)	(74,859)	(90,698)
Purchases of and changes in inventories		(20,198)	(3,991)	(28,225)	(9,918)
Depreciation expenses		(5,261)	(5,694)	(10,416)	(11,525)
Other operating expenses	3	(19,974)	(16,246)	(38,825)	(29,180)
Operating loss		(11,170)	(33,584)	(55,036)	(105,630)
Loss on fair value changes of financial assets		(537)	–	(537)	–
Loss on fair value changes of contingent consideration payables		–	(11,909)	–	(2,690)
Net finance income		4,701	11,977	10,015	24,812
Share of results of investments accounted for using equity method		–	(7,972)	–	(21,150)
Loss before income tax		(7,006)	(41,488)	(45,558)	(104,658)
Income tax credit/(expense)	4	2,061	(3,607)	1,907	(5,082)
Loss for the period	5	(4,945)	(45,095)	(43,651)	(109,740)

	Three months ended		Six months ended		
	June 30		June 30		
	2021	2020	2021	2020	
Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Other comprehensive income:					
<i>Item that will not be reclassified subsequently to profit or loss</i>					
Currency translation differences	7,315	(1,296)	6,624	(10,231)	
Other comprehensive income for the period, net of tax	7,315	(1,296)	6,624	(10,231)	
Total comprehensive income for the period	2,370	(46,391)	(37,027)	(119,971)	
(Loss)/Profit attributable to:					
Owners of the company	(5,451)	(50,829)	(43,584)	(117,366)	
Non-controlling interests	506	5,734	(67)	7,626	
	(4,945)	(45,095)	(43,651)	(109,740)	
Total comprehensive income attributable to:					
Owners of the company	1,179	(52,180)	(37,532)	(126,998)	
Non-controlling interests	1,191	5,789	505	7,027	
	2,370	(46,391)	(37,027)	(119,971)	
Loss per share					
Basic	6	(HK0.05 cent)	(HK0.44 cent)	(HK0.38 cent)	(HK1.02 cent)
Diluted	6	(HK0.05 cent)	(HK0.44 cent)	(HK0.38 cent)	(HK1.02 cent)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*As at June 30, 2021*

		Unaudited As at June 30, 2021 HK\$'000	Audited As at December 31, 2020 HK\$'000
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		7,869	7,288
Right-of-use assets		43,587	54,197
Investment properties		44,493	43,941
Goodwill		1,121,548	1,112,230
Other intangible assets		1,742	1,742
Deferred income tax assets		4,508	4,522
Investments accounted for using equity method		–	–
Financial assets measured at fair value through profit or loss	<i>10</i>	68,232	–
Other receivables, deposits and prepayments		16,906	16,389
		1,308,885	1,240,309
Current assets			
Inventories		34,695	22,659
Trade receivables	<i>7</i>	43,821	11,067
Other receivables, deposits and prepayments		120,036	166,193
Cash and bank balances	<i>8</i>	1,584,548	1,708,204
		1,783,100	1,908,123
Total assets		3,091,985	3,148,432
Current liabilities			
Trade payables	<i>9</i>	15,644	10,358
Accruals and other payables		70,786	100,441
Contract liabilities		10,942	10,644
Current income tax liabilities		241	261
Lease liabilities		18,946	19,250
		116,559	140,954

	Unaudited As at June 30, 2021 HK\$'000	Audited As at December 31, 2020 <i>HK\$'000</i>
Non-current liabilities		
Deferred income tax liabilities	6,025	5,889
Provision for warranties	24,986	21,938
Accruals and other payables	270	143
Lease liabilities	26,569	36,194
	57,850	64,164
Total Liabilities	174,409	205,118
Net Assets	2,917,576	2,943,314
Equity		
Share capital	23,344	23,344
Reserves attributable to owners of the Company	2,846,153	2,872,396
	2,869,497	2,895,740
Non-controlling interests	48,079	47,574
Total equity	2,917,576	2,943,314

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the Six-Month Period

	Attributable to owners of the Company											Attributable to non-controlling interests	Total	
	Share capital	Share premium	Shares held for share award scheme	Share options reserve	Share awards reserve	Statutory reserve	Exchange reserve	Contributed surplus	Property revaluation reserve	Other reserve	Accumulated losses			Subtotal
	HK\$'000	HK\$'000	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 January 1, 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	-	-	-	-	-	-	-	-	-	-	(43,584)	(43,584)	(67)	(43,651)
Other comprehensive income for the period	-	-	-	-	-	-	6,052	-	-	-	-	6,052	572	6,624
Total comprehensive income for the period	-	-	-	-	-	-	6,052	-	-	-	(43,584)	(37,532)	505	(37,027)
Recognition of equity settled share-based payments	-	-	-	-	12,330	-	-	-	-	-	-	12,330	-	12,330
Purchase of shares under share award scheme	-	-	(561)	-	-	-	-	-	-	-	-	(561)	-	(561)
Transfer of shares upon vesting of share awards under share award scheme	-	2,646	19,320	-	(21,966)	-	-	-	-	-	-	-	-	-
Transactions with a shareholder	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Employee share-based compensation	-	-	-	-	-	-	-	-	-	314	-	314	-	314
- Employee share-based compensation recharge	-	-	-	-	-	-	-	-	-	(794)	-	(794)	-	(794)
Balance at June 30, 2021	23,344	3,397,944	(104,222)	-	30,343	26,756	114,976	47,191	14,402	44,601	(725,638)	2,869,497	48,079	2,917,576
Balance at January 1, 2020	23,344	3,389,886	(131,811)	47,547	50,366	24,253	77,971	47,191	14,402	75,406	(636,231)	2,992,224	32,998	3,015,222
Loss for the period	-	-	-	-	-	-	-	-	-	-	(117,366)	(117,366)	7,626	(109,740)
Other comprehensive income for the period	-	-	-	-	-	-	(9,632)	-	-	-	-	(9,632)	(599)	(10,231)
Total comprehensive income for the period	-	-	-	-	-	-	(9,632)	-	-	-	(117,366)	(126,998)	7,027	(119,971)
Recognition of equity settled share-based payments	-	-	-	-	15,687	-	-	-	-	-	-	15,687	-	15,687
Lapse of share options	-	-	-	(5,412)	-	-	-	-	-	-	5,412	-	-	-
Purchase of shares under share award scheme	-	-	(16,670)	-	-	-	-	-	-	-	-	(16,670)	-	(16,670)
Transfer of shares upon vesting of share awards under share award scheme	-	1,364	24,479	-	(25,843)	-	-	-	-	-	-	-	-	-
Transactions with a shareholder	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Employee share-based compensation	-	-	-	-	-	-	-	-	-	495	-	495	-	495
- Employee share-based compensation recharge	-	-	-	-	-	-	-	-	-	(651)	-	(651)	-	(651)
Balance at June 30, 2020	23,344	3,391,250	(124,002)	42,135	40,210	24,253	68,339	47,191	14,402	75,250	(748,285)	2,854,087	40,025	2,894,112

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the Six-Month Period

		Six months ended	
		June 30,	
		2021	2020
	Note	HK\$'000	HK\$'000
Net cash used in operating activities		(114,649)	(118,125)
Net cash generated from/(used in)			
investing activities		113,347	(490,914)
Net cash used in financing activities		(13,056)	(19,449)
Net decrease in cash and cash			
equivalents		(14,358)	(628,488)
Cash and cash equivalents at the			
beginning of the period		237,380	1,123,876
Effect of foreign exchange rate changes		(2,308)	5,634
Cash and cash equivalents at the end			
of the period	8	220,714	501,022

Notes:

1. BASIS OF PREPARATION

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

The consolidated financial statements have not been audited by the Company’s auditors, but have 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 December 31, 2020, except for the adoption of new or revised standards, amendments and interpretations which are relevant to the operations of the Group and mandatory for annual periods beginning January 1, 2021.

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 adoption of new or revised HKFRS that are first effective for the current accounting period does not have a material impact to the Group’s results of operations or financial position. 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 AND SEGMENT INFORMATION

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, non-lottery hardware in the PRC, and games and entertainment in India and the PRC during the Three-Month Period and the Six-Month Period and is analysed as follows:

	Three months ended		Six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Lottery				
(i) Supply of lottery hardware	33,393	6,865	39,726	12,415
(ii) Provision of lottery distribution and ancillary services	11,682	5,114	19,352	7,007
(iii) Lottery games and systems	–	17,449	67	23,378
Games and entertainment	6,851	763	10,131	1,087
Supply of non-lottery hardware	5,282	–	8,655	–
	57,208	30,191	77,931	43,887

Geographical information

The Group's operations are mainly located in the PRC.

The Group's revenue from external customers by location of operations and information about its non-current assets* by location of assets are detailed below:

	Revenue from external customers		Non-current assets*	
	Six months ended		As at	As at
	June 30,		June 30,	December 31,
	2021	2020	2021	2020
	(unaudited)	(unaudited)	(unaudited)	(audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
PRC	68,724	42,990	1,230,062	1,229,050
Hong Kong	–	–	6,083	6,738
Others	9,207	897	68,232	–
	77,931	43,887	1,304,377	1,235,788

* Non-current assets represent non-current assets other than deferred income tax assets.

3. OTHER OPERATING EXPENSES

	Six months ended	
	June 30,	
	2021	2020
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Marketing and distribution expenses	13,141	7,228
Technology service fees	3,400	2,814
Legal and professional fees	3,366	3,507
Provision for warranties	3,105	1,049
Management and administrative service fees from fellow subsidiaries	4,442	4,208
Rent, rates & property management fees	2,038	1,857
Office expenses	1,394	1,378
Travel and transportation expenses	2,116	1,112
Research and development costs	639	729
Auditor's remuneration	750	750
Others	4,434	4,548
	38,825	29,180

4. INCOME TAX CREDIT/(EXPENSE)

Income tax credit/(expense) for the Three-Month Period and the Six-Month Period represent PRC Enterprise Income Tax.

5. LOSS FOR THE PERIOD

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

	Three months ended June 30,		Six months ended June 30,	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Share-based payments	6,279	6,763	12,644	16,182
Bank interest income	(4,389)	(11,847)	(9,349)	(24,513)

6. 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\$5,451,000 and unaudited loss attributable to owners of the Company for the Six-Month Period of approximately HK\$43,584,000 (for the three months and six months ended June 30, 2020: loss of approximately HK\$50,829,000 and HK\$117,366,000 respectively) by the weighted average number of ordinary shares outstanding during the Three-Month Period and the Six-Month Period of approximately 11,672,342,000 shares (for the three months and six months ended June 30, 2020: approximately 11,672,342,000 shares) and excluding the weighted average number of shares held for share award scheme of approximately 143,011,000 shares and 156,174,000 shares respectively (for the three months and six months ended June 30, 2020: approximately 159,684,000 shares and 163,772,000 shares respectively).

(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 and the Six-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 June 30, 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 three months and six months ended June 30, 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 June 30, 2020.

7. TRADE RECEIVABLES

Ageing analysis of trade receivables based on the date of the relevant invoice or demand note was as follows:

	As at June 30, 2021 (unaudited) HK\$'000	As at December 31, 2020 (audited) HK\$'000
0 to 30 days	41,419	9,731
31 to 60 days	459	219
61 to 90 days	143	48
91 to 120 days	90	–
121 to 365 days	1,710	1,069
	43,821	11,067

8. CASH AND BANK BALANCES

	As at June 30, 2021 (unaudited) HK\$'000	As at December 31, 2020 (audited) HK\$'000
Cash and cash equivalents	220,714	237,380
Fixed deposits held at bank with original maturity over three months	1,358,753	1,465,185
Pledged bank deposits	292	289
Restricted cash	4,789	5,350
	1,584,548	1,708,204

9. TRADE PAYABLES

Ageing analysis of trade payables based on invoice date was as follows:

	As at June 30, 2021 (unaudited) HK\$'000	As at December 31, 2020 (audited) HK\$'000
0 to 30 days	12,990	7,909
31 to 60 days	18	47
61 to 90 days	–	11
91 to 120 days	–	10
121 to 365 days	7	–
Over 365 days	2,629	2,381
	15,644	10,358

10. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

As at June 30, 2021, financial assets measured at fair value through profit or loss in the sum of approximately HK\$68.2 million represents the convertible term loan facility in the maximum amount of INR657 million (or approximately HK\$68.8 million) which had been provided by the Group to, and fully utilized by, its joint venture company in India, Paytm First Games Private Limited (the “**JV**”), in June 2021 less loss on fair value changes of such financial assets of approximately HK\$537,000.

The convertible term loan is unsecured, bears interests at 8% per annum and is repayable on the date falling after 60 months from the date of its utilization or can be converted into fully paid up shares of the JV either at the option of the Group (upon the occurrence of an event of default by the JV under the facility) or otherwise by mutual agreement among the JV, One97 Communications Limited (“**One97**”) and the Group. The conversion price per share of the JV shall be equal to or higher than the fair market value per share of the JV subject to applicable law and to be determined by a qualified merchant banker, chartered accountant or practicing cost accountant mutually appointed by the JV and the Group in accordance with internationally acceptable pricing methodology for valuation on arm’s length basis.

	Convertible term loan (unaudited) <i>HK\$’000</i>
Issue of convertible term loan	68,769
Loss on fair value changes	(537)
As at June 30, 2021	68,232

Valuation techniques

The fair value of the convertible term loan was determined by the discount rate using the yield of comparable bonds adjusted for specific loan market.

Information about fair value measurement using significant unobservable inputs (level 3) – Convertible term loan

Description	Fair Value HK\$'000	Valuation Technique	Unobservable inputs	Range (Weighted average)	Relationship of unobservable inputs to fair value
Convertible term loan	68,232	Discounted cash flow	Discount rate	8.43%	The higher the discount rate, the lower the fair value

11. RELATED PARTY TRANSACTIONS**(a) Sales of services**

	Six months ended June 30,	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Revenue of games and entertainment business from fellow subsidiaries	29	184
Revenue of games and entertainment business from a joint venture	9,207	897
Revenue of non-lottery hardware business from a fellow subsidiary	1,428	–
Recharge for technical services to a joint venture	212	698
Recharge for rental services to a joint venture	2,938	–

(b) Purchases of goods and services

	Six months ended	
	June 30,	
	2021	2020
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Recharge for operation of lottery distribution from fellow subsidiaries	1,517	672
Purchase of marketing services for lottery distribution business from a fellow subsidiary	46	151
Purchase of marketing services for games and entertainment business from fellow subsidiaries	–	14
Purchase of technology services from fellow subsidiaries	1,341	799
Recharge for rental services from a fellow subsidiary	8	74
Recharge for management and administrative services from fellow subsidiaries	4,442	4,208

(c) Key management compensation

The remuneration of the Directors (who are the key management personnel of the Group) during the period was as follows:

	Six months ended	
	June 30,	
	2021	2020
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Short-term employee benefits	3,393	3,074
Share-based payments	1,162	1,847
Post-employment benefits	99	99
	4,654	5,020

(d) Loan to related parties

	As at June 30, 2021 (unaudited) HK\$'000	As at December 31, 2020 (audited) HK\$'000
Loan to an associate, net of loss allowance	31,888	31,192
Loan to a joint venture, net of loss allowance	3,260	69,693
Loan to an officer	2,109	2,214
Convertible term loan to a joint venture (Note 10)	68,232	–

(e) Amounts due from/(to) related parties

	As at June 30, 2021 (unaudited) HK\$'000	As at December 31, 2020 (audited) HK\$'000
Amounts due from fellow subsidiaries	1,902	1,878
Amount due from a joint venture	33,753	19,561
Amounts due to fellow subsidiaries	(46,255)	(54,183)

DIVIDEND

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

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 Alibaba Group, AGTech is the exclusive lottery platform of Alibaba Group and Ant Group.

AGTech's businesses are broadly divided into three categories:

1. Lottery:
 - (i) supply of lottery hardware;
 - (ii) provision of lottery distribution and ancillary services;
2. Games and entertainment; and
3. Supply of non-lottery hardware.

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.

The Group will continue to utilize its research and development capabilities in respect of lottery hardware to extend its hardware product offering to non-lottery hardware for the retail sector, with a view to broadening the product spectrum of its hardware business.

Furthermore, 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 Six-Month Period, PRC lottery sales amounted to approximately RMB178.4 billion, representing an increase of approximately 44% over the corresponding period in 2020. Of this, Welfare Lottery amounted to approximately RMB67.7 billion, representing an increase of approximately 14% compared to the corresponding period in 2020. Sports Lottery achieved sales of approximately RMB110.7 billion, representing an increase of approximately 71% 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 October 23, 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 November 1, 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 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

Hardware

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

The Group primarily supplies to the Sports Lottery and has hardware deployed in multiple provinces, cities, municipalities and autonomous regions across China. The Group is one of the leading suppliers in China of lottery terminals and continues to occupy the largest market share in the Sports Lottery terminal market. The Group continues to focus on research and development in order to broaden and improve its product spectrum and develop new hardware ranges.

During the Six-Month Period, the Group won ten lottery hardware tenders to supply lottery terminals to the SLACs in Guangxi Zhuang Autonomous Region, Fujian province, Jiangsu province, Hubei province, Sichuan province, Shandong province, Henan province and Hebei 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.

Supply of non-lottery hardware

In addition to lottery hardware supplies, expansion into other consumer sectors has continued to be a focus for the Group. With a view to broadening product spectrum of its hardware business utilizing the research and development capability of the Group and in view of the fact that many of the hardware supplies for the retail market share similar technology and components underlying the lottery hardware products supplied by the Group throughout many years, the Group has extended its hardware product offering to non-lottery hardware for the retail sector. During the Six-Month Period, the Group has commenced the supply of non-lottery hardware (such as point-of-sale terminals) for use in the PRC retail sector.

Lottery Distribution and Ancillary Services

Lottery Distribution via Retail Sales Outlets

The Group currently distributes lottery (including lotto, sports lottery and instant scratch tickets) by expanding its physical lottery sales channels in China, which are mostly retail sales outlets operated by Alibaba Group. During the Six-Month Period, the Group generated revenue from the distribution of lottery through retail sales outlets, representing an increase of approximately 142.6% over the corresponding period in 2020. Such increase was mainly attributable to the increase in average lottery sales volume per sales outlet as a result of the rebound from the COVID-19 pandemic impact and the Group's continuous efforts in expanding its network of collaborating retail sales outlets for lottery distribution with an increase of approximately 80% in the number of such outlets over the corresponding period in 2020.

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.

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. The Group has been active in building its online presence and customer-base through various online channels by offering various types of proprietary non-lottery games and entertainment content. Currently, the principal source of revenue in relation to the Group's games and entertainment business comes from the mobile games and entertainment platform, Paytm First Games, which is operated by its 45%-owned joint venture company in India as described below.

International Market

Strategic expansion in selected overseas markets

(i) Paytm First Games Private Limited in India:

A joint venture company of the Group with One97 Communications Limited ("**One97**"), namely, Paytm First Games Private Limited (the "**JV**"), continued to develop and operate its mobile games and entertainment platform, namely "Paytm First Games", in India during the Six-Month Period. One97 is the owner of Paytm, which is a leading mobile payment 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 and playing online games to pass their time. During the Six-Month Period, the Group generated revenue of approximately HK\$9.2 million (For the six months ended June 30, 2020: approximately HK\$0.9 million) from the provision of online game contents to Paytm First Games.

As brand influence of the platform continues to grow, and in addition to the momentum building off a successful Indian Premier League (IPL) cricket tournament 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. The latest 2021 IPL cricket tournament commenced in April 2021. However, due to the COVID-19 pandemic, the tournament is currently suspended but is expected to resume in September and October 2021.

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 “**Ant Bank**”) in Macau:

The Ant Bank is a 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 Ant 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 Ant Bank.

In September 2019, the Ant Bank officially launched the Alipay(Macau) e-wallet payment service in Macau. Macau users of the Alipay(Macau) e-wallet 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 Ant 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. The Alipay(Macau) e-wallet has been selected as one of the eight locally-registered mobile payment platforms to participate in the electronic consumption benefits plan (電子消費優惠計劃) launched by the Government of Macau which will run from June 1 to December 31, 2021, as well as in the “Simple Pay” (聚易用) system launched by the Autoridade Monetaria de Macau (Monetary Authority of Macao) in the first quarter of 2021 which is an integrated payment system that combines different mobile payment platforms (including, among others, Alipay(Macau)) in one payment machine.

In addition to its e-wallet payment service, the Ant Bank provides internet financial products in Macau and brings contactless online financial services to Macau residents and SMEs. In terms of financial services for SMEs, the Ant Bank has leveraged Ant Group’s practical experience of focusing on inclusive financial services to provide credit loan services 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 resources 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. The Group will continue to leverage 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.

Transition to other consumer sectors presents an opportunity for the further development of the Group's hardware business. The hardware products supplied 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 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.

With regards to our investment in the Ant 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 Six-Month Period amounted to approximately HK\$77.9 million (Six months ended June 30, 2020: approximately HK\$43.9 million), representing an increase of approximately 77.6% over the corresponding period in 2020. For the Six-Month Period, revenue contributions were mainly derived from lottery hardware, provision of lottery distribution and ancillary services, non-lottery hardware in the PRC, and games and entertainment business in India. The increase in revenue for the Six-Month Period was caused by the increase in sales of lottery hardware of approximately HK\$27.3 million, increase of approximately HK\$12.3 million in revenue from the provision of lottery distribution and ancillary services, increase in sales of non-lottery hardware of approximately HK\$8.7 million and increase in revenue from games and entertainment business of approximately HK\$9.0 million, partially offset by the decrease in revenue of approximately HK\$23.3 million from the lottery games and systems business. Such increases in revenue from lottery hardware and provision of lottery distribution and ancillary services were mainly due to the continuous rebound of the Group's lottery business from the impact of the COVID-19 pandemic since the second half of 2020 and throughout the Six-Month Period. In particular, the increase in revenue from the provision of lottery distribution services was due to the increase in average lottery sales volume per sales outlet as a result of the rebound from the COVID-19 pandemic impact and the continuous efforts of the Group in expanding its network of collaborating retail sales outlets for lottery distribution. In addition, the Group has commenced supplying non-lottery hardware (including point-of-sale terminals) during the Six-Month Period, further broadening its source of revenue. The increase in revenue from games and entertainment business was mainly 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 November 1, 2020 and February 9, 2021 respectively.

Operating loss for the Six-Month Period was approximately HK\$55.0 million (Six months ended June 30, 2020: approximately HK\$105.6 million). Such decrease in operating loss was mainly due to a combination of factors: (i) the increase in total revenue of the Group as mentioned above; (ii) the changing from a foreign exchange loss of approximately HK\$14.2 million for the six months ended June 30, 2020 to a foreign exchange gain of approximately HK\$7.5 million for the Six-Month Period as a result of the appreciation of US\$ and RMB against HK\$ during the period, which gave rise to foreign exchange gain from translating the US\$ and RMB denominated balances to the Group's presentation currency; (iii) 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 342 as at June 30, 2020 to 202 as at June 30, 2021, resulting in a decrease in employee benefits expenses by approximately 17.5% to approximately HK\$74.9 million for the Six-Month Period (Six months ended June 30, 2020: approximately HK\$90.7 million); and (iv) increase in other income by approximately HK\$5.9 million. As a result of the aforesaid mentioned increase in total revenue of the Group, there are corresponding increase in purchases of and changes in inventories of approximately HK\$18.3 million and increase in related other operating expenses, mainly the marketing and distribution expenses related to lottery distribution and provision for hardware warranties by approximately HK\$8.0 million.

The loss for the Six-Month Period was approximately HK\$43.7 million (Six months ended June 30, 2020: approximately HK\$109.7 million), representing a decrease of approximately 60.2% over the corresponding period in 2020. Besides the above reduction in operating loss, such decrease in loss was mainly due to the combined effect of the following factors: (i) the amount of investments accounted for using equity method was HK\$Nil as of December 31, 2020 in respect of the JV, and since then no share of results of the investments accounted for using equity method was recognized for the Six-Month Period (Six months ended June 30, 2020: Share of results of investments accounted for using equity method amounted to a loss of approximately HK\$21.2 million); which was partially offset by (ii) the drop in interest income earned from the Group's deposits at banks by approximately HK\$15.2 million for the Six-Month Period as a result of the reduction in deposit interest rates in the market.

Other operating expenses for the Six-Month Period were approximately HK\$38.8 million (Six months ended June 30, 2020: approximately HK\$29.2 million). The increase was mainly due to the increases in marketing and distribution expenses related to lottery distribution by approximately HK\$5.9 million and provision for hardware warranties by approximately HK\$2.1 million.

Liquidity and financial resources

Net cash (defined as total cash and cash equivalents less total debts, which include trade payables, accruals and other payables, contract liabilities and lease liabilities) as at June 30, 2021 were approximately HK\$82.6 million (as at December 31, 2020: approximately HK\$68.6 million). The total assets and net current assets of the Group as at June 30, 2021 were approximately HK\$3,092.0 million and approximately HK\$1,666.5 million respectively (as at December 31, 2020: approximately HK\$3,148.4 million and approximately HK\$1,767.2 million respectively). Current liabilities of the Group as at June 30, 2021 were approximately HK\$116.6 million (as at December 31, 2020: approximately HK\$141.0 million). The liquidity ratio (defined as current assets divided by current liabilities) of the Group as at June 30, 2021 was approximately 15.3 (as at December 31, 2020: approximately 13.5) which continuously reflects the adequacy of financial resources of the Group.

Capital structure and foreign exchange risk

During the Six-Month Period, the Group financed its capital requirement through its equity and its internally generated cash flow as well as the proceeds from the Subscription.

As at June 30, 2021, the Group did not have any bank borrowings. The gearing ratio (defined as bank borrowings divided by equity) of the Group as at June 30, 2021 was therefore not applicable.

As at June 30, 2021, majority of the Group's bank deposits were denominated in US\$, HK\$ and RMB. Since HK\$ is pegged to US\$, and substantially all of its revenue-generating operations, monetary assets and liabilities of the Group are conducted or transacted in functional currencies, the Group faced minimal foreign exchange risk during the Six-Month Period. The Group had neither foreign currency hedging activities nor any financial instruments for hedging purposes during the Six-Month Period.

Contingent liabilities and capital commitment

As at June 30, 2021, the Group did not have any material contingent liabilities and any material capital commitment that constituted “notifiable transactions” under Chapter 19 of the GEM Listing Rules.

Significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures during the Six-Month Period

There were no significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures that constituted “notifiable transactions” under Chapter 19 of the GEM Listing Rules during the Six-Month Period.

Employees’ information and remuneration policies

As at June 30, 2021, the Group had 202 (as at June 30, 2020: 342) employees in the PRC and Hong Kong. Total staff costs (excluding Directors’ emoluments) for the Six-Month Period amounted to approximately HK\$70.2 million (for the six months ended June 30, 2020: approximately HK\$85.7 million).

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

Charges on the Group’s assets

As at June 30, 2021, bank deposits of approximately HK\$0.3 million (as at December 31, 2020: approximately HK\$0.3 million) were held in designated bank accounts to secure letters of guarantee granted to the Group. The pledged bank deposits will be released upon the release of the relevant letters of guarantee granted to the Group.

In addition, as at June 30, 2021, a sum of approximately HK\$4.8 million (as at December 31, 2020: approximately HK\$5.4 million) was held by trustees of the Company for purchases of award Shares under the Share Award Scheme. Such sum was not available for general use by the Group.

Save as disclosed above, as at June 30, 2021, there was no charge on the assets of the Group.

Future plans for material investments and acquisition of capital assets

As at June 30, 2021, save as disclosed in the Company's announcement dated May 14, 2021 on a potential acquisition, there was no specific plan for material investments and acquisition of capital assets that is required to be disclosed pursuant to Rule 17.10 of the GEM Listing Rules and the inside information provisions under Part XIVA of the SFO.

Significant changes to financial position

Inventories of the Group amounted to approximately HK\$34.7 million as at June 30, 2021 (as at December 31, 2020: approximately HK\$22.7 million). The Group's timing for sales has been historically stronger in the second half of the year and therefore the Group will usually stock up higher in the first half of the year in anticipation for the sales in the second half of the year. Inventory turnover period increased from 141 days for the year ended December 31, 2020 to 186 days for the Six-Month Period mainly due to the increase of inventories close to the current period end to meet the demand for the committed orders for the upcoming third quarter of 2021.

Trade receivables of the Group amounted to approximately HK\$43.8 million as at June 30, 2021 (as at December 31, 2020: approximately HK\$11.1 million). Debtor turnover period increased from 43 days for the year ended December 31, 2020 to 64 days for the Six-Month Period mainly due to the fact that the Group's timing of sales has been historically stronger in the second half of the year, thus resulting in more settlement typically being made in the second half of the year which would reduce the debtor turnover days as at the end of the year.

There were no outstanding contingent consideration payables as at June 30, 2021 (as at December 31, 2020: HK\$Nil) and since then no more fair value change (Six months ended June 30, 2020: loss of approximately HK\$2.7 million) was recognized for the Six-Month Period.

Investments accounted for using equity method amounted to HK\$Nil as at June 30, 2021 (as at December 31, 2020: HK\$Nil) and since then no share of results of the investments accounted for using equity method was recognized during the Six-Month Period.

Financial assets measured at fair value through profit or loss in the sum of approximately HK\$68.2 million as at June 30, 2021 represents the convertible term loan facility in the maximum amount of INR657 million (or approximately HK\$68.8 million) which had been provided by the Group to, and fully utilized by, the JV in June 2021, less loss on fair value changes of such financial assets of approximately HK\$537,000. Such term loan is unsecured, bears interests at 8% per annum and is repayable on the date falling after 60 months from the date of its utilization (the “**Final Repayment Date**”). The interests shall be accrued and payable by the JV only on the Final Repayment Date along with the repayment of the outstanding principal amount of the term loan facility. During the tenor of the aforesaid loan facility, the entire outstanding principal and any accrued interests under the facility may be converted into fully paid up shares of the JV either at the option of the Group (upon the occurrence of an event of default by the JV under the facility) or otherwise by mutual agreement among the JV, One97 and the Group. The conversion price per share of the JV shall be equal to or higher than the fair market value per share of the JV subject to applicable law and to be determined by a qualified merchant banker, chartered accountant or practicing cost accountant mutually appointed by the JV and the Group in accordance with internationally acceptable pricing methodology for valuation on arm’s length basis.

The current portion of accruals and other payables decreased from approximately HK\$100.4 million as at December 31, 2020 to approximately HK\$70.8 million as at June 30, 2021, primarily due to the payment of year-end bonus for employees of the Group provided for as at December 31, 2020 and settlement of amounts due to fellow subsidiaries.

The current portion of other receivables, deposits and prepayments decreased from approximately HK\$166.2 million as at December 31, 2020 to approximately HK\$120.0 million as at June 30, 2021, primarily due to the loan repayment received from the JV of approximately HK\$68.3 million in June 2021.

Significant events after the Six-Month Period

As announced by the Company on May 14, 2021, the Company executed a summary of terms of the same date in respect of a possible acquisition (the “**Possible Acquisition**”) by the Group of the entire equity interests in certain companies within the same group which are principally engaged in the provision of electronic payment services outside Hong Kong. As at the date of this report, the Group is still in the process of negotiating the Possible Acquisition and no definitive agreement in relation to the Possible Acquisition has been entered into by the Group. As such, the Possible Acquisition may or may not materialize. In the event that the Possible Acquisition materializes, such acquisition will constitute a notifiable transaction for the Company under Chapter 19 of the GEM Listing Rules. Further announcement(s) shall be made by the Company as and when appropriate and in compliance with the GEM Listing Rules if there is any material development in respect of the Possible Acquisition. **Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

Save as disclosed above, up to the date hereof, there were no significant events of the Group after the Six-Month Period.

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 March 31, 2020 (the “**Remaining Net Proceeds**”) together with their reasons in the Company’s first quarterly results announcement for the three months ended March 31, 2020, and such re-allocations had been implemented since then. As disclosed in the section headed “USE OF PROCEEDS FROM THE SUBSCRIPTION” of the first quarterly report of the Company for the three months ended March 31, 2021, Net Proceeds in the sum of approximately HK\$607.5 million remained as at March 31, 2021.

During the Three-Month Period, approximately HK\$146.0 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\$461.5 million remained as at June 30, 2021, which were placed in the bank accounts of the Group.

Business divisions of the Group, or investment, acquisition or general corporate purposes, to which the Remaining Net Proceeds are intended to be used	Amount of Remaining Net Proceeds re-allocated and remained to be used as of March 31, 2021	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\$72.6 million (or approximately 12.0% of the total remaining as at March 31, 2021)	approximately HK\$10.1 million	The Remaining Net Proceeds were used in items (i)(a) and (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 December 31, 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, to which the Remaining Net Proceeds are intended to be used	Amount of Remaining Net Proceeds re-allocated and remained to be used as of March 31, 2021	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\$148.5 million (or approximately 24.4% of total remaining as at March 31, 2021)	approximately HK\$31.7 million	The Remaining Net Proceeds were used in items (ii)(a), (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			The Remaining Net Proceeds allocated to “Hardware, Lottery Games & Systems” are expected to be used on or before December 31, 2022.
(c) development of ancillary parts for lottery hardware and terminal production			
(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, to which the Remaining Net Proceeds are intended to be used	Amount of Remaining Net Proceeds re-allocated and remained to be used as of March 31, 2021	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)
(iii) Lottery distribution:	approximately HK\$145.9 million (or approximately 24.0% of total remaining as at March 31, 2021)	approximately HK\$19.1 million	The Remaining Net Proceeds were used in items (iii)(b) and (iii)(c).
(a) sales, marketing and distribution of virtual lottery games			No material difference from intended usage noted following the 2020 Re-allocations.
(b) sales, marketing and distribution of instant scratch lottery games			The Remaining Net Proceeds allocated to "Lottery Distribution" are expected to be used on or before December 31, 2022.
(c) sales, marketing and distribution of other categories of lottery games			
(d) online sales, marketing and distribution of lottery products (including but not limited to the future cooperation with Taobao and Alipay)			

Business divisions of the Group, or investment, acquisition or general corporate purposes, to which the Remaining Net Proceeds are intended to be used	Amount of Remaining Net Proceeds re-allocated and remained to be used as of March 31, 2021	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 17.2% of total remaining as at March 31, 2021)	approximately HK\$68.8 million	The Remaining Net Proceeds were used in item (iv)(d).
(a) potential investment project(s) in overseas markets in areas of lottery business and games and entertainment business			No material difference from intended usage noted following the 2020 Re-allocations.
(b) potential acquisition(s) of businesses engaged in lottery business and games and entertainment business			The Remaining Net Proceeds allocated to "Investment project(s) and acquisition(s)" are expected to be used on or before December 31, 2022.
(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, to which the Remaining Net Proceeds are intended to be used	Amount of Remaining Net Proceeds re-allocated and remained to be used as of March 31, 2021	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>(v) General corporate purposes:</p> <p>(a) staff costs and other administrative expenses of the Group (including the costs relating to the Share Award Scheme)</p> <p>(b) general working capital of the Group</p>	<p>approximately HK\$136.3 million (or approximately 22.4% of total remaining as at March 31, 2021)</p>	<p>approximately HK\$16.3 million</p>	<p>The Remaining Net Proceeds were used in items (v)(a) and (v)(b).</p> <p>No material difference from intended usage noted following the 2020 Re-allocations.</p> <p>The Remaining Net Proceeds allocated to “General corporate purposes” are expected to be used on or before December 31, 2022.</p>
Grand total:	<p>approximately HK\$607.5 million</p>	<p>approximately HK\$146.0 million</p>	

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

As at June 30, 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:

Name of Director	Number of Shares/Restricted Share Units Held			Approximate Percentage of Aggregate Interests to Total Issued Share Capital of the Company (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 (Note 4)	–	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:

1. Based on a total of 11,672,342,235 Shares in issue as at June 30, 2021.
 2. It represents 41,388,000 Shares and 4,770,000 restricted Share units (granted under the Share Award Scheme) beneficially held by Mr. Sun Ho.
 3. 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.
 4. It represents 96,000 Shares and 288,000 restricted Share units (granted under the Share Award Scheme) beneficially held by Ms. Hu Taoye.
- 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	Capacity	Number of Shares/ Underlying Shares Held		Approximate Percentage of Aggregate Interests to Total Issued Share Capital of Alibaba Holding (Note 2)
		(in the number of American Depository Shares ("ADS(s)") of Alibaba Holding) (Note 1)	(in the number of ordinary shares of Alibaba Holding) (Note 1)	
Ms. Hu Taoye	Note 3	16,920	135,360	0.001%
Mr. Yang Guang	Note 4	36,543	292,344	0.001%
Mr. Li Faguang	Note 5	11,500	92,000	0.001%
Mr. Ji Gang	Note 6	10,235	81,880	negligible
Mr. Zou Liang	Note 7	2,540	20,320	negligible

Notes:

1. One ADS of Alibaba Holding represents eight ordinary shares of Alibaba Holding; and one restricted share unit (“**RSU(s)**”) of Alibaba Holding represents one ADS of Alibaba Holding.
2. Based on a total of 21,699,031,448 ordinary shares of Alibaba Holding in issue as at March 31, 2021.
3. The interest comprised 13,670 ADSs of Alibaba Holding and 3,250 RSUs of Alibaba Holding beneficially held by Ms. Hu Taoye.
4. The interest comprised 11,418 ADSs of Alibaba Holding and 25,125 RSUs of Alibaba Holding beneficially held by Mr. Yang Guang.
5. The interest comprised 11,500 RSUs of Alibaba Holding beneficially held by Mr. Li Faguang.
6. The interest comprised 5,050 ADSs of Alibaba Holding and 5,185 RSUs of Alibaba Holding beneficially held by Mr. Ji Gang.
7. The interest comprised 840 ADSs of Alibaba Holding and 1,700 RSUs of Alibaba Holding beneficially held by Mr. Zou Liang.

- 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	Capacity	Number of Shares Held	Approximate Percentage to Total Issued Share Capital of Ali Pictures <i>(Note 1)</i>
Mr. Zou Liang	Note 2	90,000	negligible

Notes:

1. Based on a total of 26,836,046,210 ordinary shares of Ali Pictures in issue as at June 30, 2021.
2. The interest comprised 90,000 ordinary shares of Ali Pictures beneficially held by Mr. Zou Liang.

Save as disclosed above, as at June 30, 2021, none of the Directors or 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 June 30, 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%
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 June 30, 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 August 21, 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 AIL, 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 June 30, 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 June 30, 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.

INTERESTS IN COMPETING BUSINESS

During the Six-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 Six-Month Period have not been audited by the Company’s auditor but have 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 Six-Month Period.

SHARE OPTION SCHEMES

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

During the Six-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 expired during 2020. As at June 30, 2021, there were no outstanding options granted by the Company pursuant to any share option scheme.

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 December 31, 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 Six-Month Period or at any time during the Six-Month Period.

SHARE AWARD SCHEME

During the Six-Month Period, no award Shares were granted to eligible persons under the Share Award Scheme. During the Six-Month Period, 32,858,500 award Shares were vested in the grantees and 23,810,000 award Shares were forfeited.

During the Six-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.

CORPORATE GOVERNANCE PRACTICES

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

The Company has adopted the applicable code provisions in the Corporate Governance Code and Corporate Governance Report (the “**Code**”) as set out in Appendix 15 of the GEM Listing Rules.

During the Six-Month Period, the Company complied with the Code except for the following deviations:

- (a) under code provision A.2.1 of the Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The roles of chairman and CEO of the Company were performed by an executive Director, Mr. Sun Ho, during the Six-Month Period. The Company considered that the combination of the roles of chairman and CEO could effectively facilitate the formulation and implementation of the strategies of the Company. The Company considered that under the supervision of its Board and especially its independent non-executive Directors, a balancing mechanism existed so that the interests of the Shareholders were adequately and fairly represented. The Company considered that there was no imminent need to change the arrangement;

- (b) under code provision A.4.2 of the Code, every Director should be subject to retirement by rotation at least once every three years. However, pursuant to the Bye-laws, the chairman of the Company shall not be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year. During the Six-Month Period, the chairman of the Board was not subject to retirement by rotation as the Board considered that the continuity of the office of the chairman provided the Group with strong and consistent leadership and was of great importance to the smooth operations of the Group;
- (c) under code provision A.6.6 of the Code, each Director should disclose to the Company, among other things, an indication of the time involved by him/her in his/her offices held in other public companies or organizations and other significant commitments. During the Six-Month Period, no such disclosure was made by the Directors to the Company. As the Board had adopted a corporate governance practice that each Director's contributions to the Group would be reviewed and discussed at the Board meeting annually (the "**Annual Contributions Review**"), the Board considered that assessing the time spent by each Director on his/her commitments outside the Group was not necessary for the purposes of the Annual Contributions Review and that the disclosure of the time spent by a Director in performing his/her duties would not necessarily indicate accurately the efficiency of such Director and the effectiveness of his/her work, and may therefore be misleading;
- (d) under code provision B.1.2(c) of the Code, the remuneration committee should review and recommend to the Board for approval of the specific remuneration packages of senior management. The remuneration committee of the Company had reviewed its scope of duties and considered that the delegated responsibility to review and recommend to the Board to approve the specific remuneration packages of senior management should be vested in the executive Directors who have a better understanding of the level of expertise, experience and performance expected of the senior management in the daily business operations. Notwithstanding the foregoing, the remuneration committee would continue to be primarily responsible for the review and recommendation of the remuneration packages of the Directors;

- (e) under code provision B.1.5 of the Code, the Company should disclose details of any remuneration payable to members of senior management by band in its annual report. The Company did not make such disclosure in its annual report as the Board considered that (i) the remuneration of any newly appointed “chief executive” (as defined under the GEM Listing Rules) would have already been disclosed in the announcement previously issued by the Company in respect of such appointment in accordance with GEM Listing Rule 17.50(2)(g); (ii) the five highest paid employees within the Group had already been disclosed in the notes to the consolidated financial statements of the Group in the annual report, and (iii) giving further details of remuneration for each and every senior management staff would result in particulars of excessive length and no additional value to the Shareholders, whilst at the same time may impair the flexibility of the Group in its negotiations of remuneration packages for senior management staff (especially those who are not Directors or chief executives of the Group and hence are not supposed to be subject to the aforesaid disclosure requirement under GEM Listing Rule 17.50(2) (g)) should it need to find replacement staff or recruit additional senior personnel in the future;
- (f) under code provision E.1.5 of the Code, the Company should have a policy on payment of dividends and should disclose it in its annual report. The Company did not have such policy and did not make such disclosure in its annual report as the Board considered that it would be premature to decide on its dividend policy as the Company did not have any distributable reserves calculated under the laws of Bermuda, and even if the Company will have sufficient distributable reserves to pay its dividends in the future, the Board has yet to assess the funding requirements of the Group (for instance, its working capital needs and capital expenditure) at that time before the Company could decide on the amount of dividends or proportion of net profits that it would be in a position to distribute to the Shareholders; and

(g) under the code provision A.2.7 of the Code, the chairman of the Board should at least annually hold meetings with the independent non-executive Directors without the presence of other Directors. During the Six-Month Period, the chairman of the Board did not hold such kind of private meetings with the independent non-executive Directors. The chairman of the Board considered that it was unnecessary as it would be more transparent to let the independent non-executive Directors speak out their views to all other Directors in the full Board meetings which would be held at least four times a year. Besides, the chairman of the Board, being an executive Director himself, always welcomes all independent non-executive Directors to directly communicate with him via his email or phone to discuss any matters of the Company from time to time.

(The above deviations (a) to (g) were similarly disclosed on pages 25 to 27 of the Company's annual report for the year ended December 31, 2020 and on pages 38 to 40 of the Company's interim report for the six months ended June 30, 2020.)

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

CHANGE IN INFORMATION REGARDING DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY

Pursuant to the disclosure requirement under Rule 17.50A(1) of the GEM Listing Rules, changes in the information regarding Directors are as follows:

Mr. Ji Gang is currently a director of Ant Bank.

Mr. Yang Guang is no longer (i) a non-executive director of Haier Electronic Group Co., Ltd. and (ii) a director of Suning.com Co., Ltd.* (蘇寧易購集團股份有限公司).

Save as disclosed above, there is no change of information in respect of the Directors or chief executive of the Company which is required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

DEFINITIONS

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

“2014 Share Option Scheme”	the share option scheme of the Company adopted on December 23, 2014;
“Adoption Date”	March 17, 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;

“Bye-law(s)”	the bye-law(s) of the Company;
“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 March 17, 2017;
“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 August 10, 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\$1.1996 to RMB1.00, INR1 to HK\$0.106 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, August 10, 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.