



# AGTech Holdings Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 8279

## INTERIM REPORT 2023



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## FINANCIAL HIGHLIGHTS FOR THE SIX MONTHS ENDED JUNE 30, 2023

- Revenue of the Group for the Six-Month Period amounted to approximately HK\$294.4 million (Six months ended June 30, 2022: approximately HK\$133.3 million), representing an increase of approximately 120.9% over the corresponding period in 2022. For the Six-Month Period, revenue contributions were mainly derived from lottery and related business (including lottery hardware sales, provision of lottery distribution and ancillary services in Mainland China) of approximately HK\$92.3 million (Six months ended June 30, 2022: approximately HK\$82.4 million) and provision of electronic payment and related services in Macau of approximately HK\$202.1 million (Six months ended June 30, 2022: approximately HK\$50.9 million). The increase in revenue from lottery and related businesses by approximately HK\$9.9 million was mainly due to the increase in revenue of the Group's lottery distribution business during the Six-Month Period. The increase in revenue from the electronic payment and related businesses by approximately HK\$151.2 million was mainly due to the consolidation of the revenue of the acquired wholly-owned subsidiary of the Company in Macau, Macau Pass, for the entire Six-Month Period, whereas results of Macau Pass were consolidated into the Group's financial statements from March 24, 2022 (being date of completion of the acquisition) to June 30, 2022 only for the first half of 2022; coupled with the increase in tourist arrivals in Macau during the Six-Month Period and no further extension on the exemption on transaction service fee charged to small and medium enterprises after the end of February 2023.
- Operating loss of approximately HK\$12.4 million was recorded for the Six-Month Period (Six months ended June 30, 2022: operating loss of approximately HK\$68.5 million). The decrease in operating loss was mainly due to a combination of factors: (i) the increase in total revenue of the Group (partially offset by the related costs and expenses); (ii) the increase in other income by approximately HK\$4.8 million (Six months ended June 30, 2022: approximately HK\$3.7 million); and partially offset by the increase in employee benefits expenses by approximately HK\$21.8 million to approximately HK\$77.3 million for the Six-Month Period and the increase in the depreciation and amortization expenses by approximately HK\$11.2 million to approximately HK\$34.9 million for the Six-Month Period.



- The profit for the Six-Month Period was approximately HK\$22.9 million (Six months ended June 30, 2022: loss of approximately HK\$84.9 million). The change from loss to profit was primarily due to the above-mentioned decrease in operating loss. In addition, there was an increase in net finance income by approximately HK\$26.5 million to approximately HK\$35.6 million (Six months ended June 30, 2022: approximately HK\$9.1 million) and a fair value gain on the convertible term loan facilities of approximately HK\$1.6 million was recognized for the Six-Month Period (Six months ended June 30, 2022: loss of approximately HK\$26.6 million).
- 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, 2023 (the “**Three-Month Period**”) and the six months ended June 30, 2023 (the “**Six-Month Period**”), together with the unaudited comparative figures for the corresponding periods in 2022 as follows:



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

For the three months and six months ended June 30, 2023

	Notes	Three months ended June 30,		Six months ended June 30,	
		2023	2022	2023	2022
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	3	124,559	97,995	294,432	133,267
Other income		3,454	2,404	8,466	3,653
Net other losses		(14,194)	(15,423)	(3,765)	(6,915)
Employee benefits expenses		(36,581)	(35,009)	(77,252)	(55,466)
Purchases of and changes in inventories		(13,694)	(20,885)	(32,956)	(33,011)
Depreciation and amortization expenses		(17,629)	(18,823)	(34,867)	(23,677)
Other operating expenses	4	(73,845)	(66,113)	(166,504)	(86,341)
<b>Operating loss</b>		<b>(27,930)</b>	<b>(55,854)</b>	<b>(12,446)</b>	<b>(68,490)</b>
Gain/(loss) on fair value changes of financial assets at fair value through profit or loss		(621)	(25,513)	1,605	(26,641)
Imputed interest expense on deferred consideration		–	657	(1,675)	273
Net finance income		12,826	5,707	35,558	9,089
<b>Profit/(loss) before income tax</b>		<b>(15,725)</b>	<b>(75,003)</b>	<b>23,042</b>	<b>(85,769)</b>
Income tax (expense)/credit	5	1,444	910	(132)	829
<b>Profit/(loss) for the period</b>	6	<b>(14,281)</b>	<b>(74,093)</b>	<b>22,910</b>	<b>(84,940)</b>



	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Other comprehensive income:</b>				
<i>Item that may be reclassified subsequently to profit or loss</i>				
Currency translation differences	(33,274)	(35,556)	(21,245)	(31,551)
Other comprehensive income for the period, net of tax	(33,274)	(35,556)	(21,245)	(31,551)
<b>Total comprehensive income for the period</b>	<b>(47,555)</b>	<b>(109,649)</b>	<b>1,665</b>	<b>(116,491)</b>
<b>Profit/(loss) attributable to:</b>				
Owners of the company	(12,732)	(74,064)	24,157	(85,194)
Non-controlling interests	(1,549)	(29)	(1,247)	254
	(14,281)	(74,093)	22,910	(84,940)
<b>Total comprehensive income attributable to:</b>				
Owners of the company	(45,788)	(107,080)	2,834	(114,761)
Non-controlling interests	(1,767)	(2,569)	(1,169)	(1,730)
	(47,555)	(109,649)	1,665	(116,491)
<b>Earning/(loss) per share</b>				
Basic	7 (HK0.112 cent)	(HK0.65 cent)	HK0.212 cent	(HK0.74 cent)
Diluted	7 (HK0.112 cent)	(HK0.65 cent)	HK0.211 cent	(HK0.74 cent)



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2023

		Unaudited As at June 30, 2023 HK\$'000	Audited As at December 31, 2022 HK\$'000
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment		31,125	34,295
Right-of-use assets		56,813	67,598
Investment properties		30,262	31,399
Goodwill		1,463,691	1,489,082
Other intangible assets		330,105	348,194
Deferred income tax assets		6,408	9,373
Investments accounted for using equity method		–	–
Financial assets at fair value through profit or loss	11	80,459	78,854
Other receivables, deposits and prepayments		18,529	16,882
		<b>2,017,392</b>	2,075,677
<b>Current assets</b>			
Inventories		33,876	33,072
Trade receivables	8	17,527	26,601
Other receivables, deposits and prepayments		185,969	263,090
Cash and bank balances	9	1,317,116	4,023,664
		<b>1,554,488</b>	4,346,427
<b>Total assets</b>		<b>3,571,880</b>	6,422,104



	Notes	Unaudited As at June 30, 2023 HK\$'000	Audited As at December 31, 2022 HK\$'000
<b>Current liabilities</b>			
Trade payables	10	24,211	31,181
Accruals and other payables		286,949	1,718,736
Floats balance due to card or account holders		442,567	1,744,283
Contract liabilities		29,695	31,623
Card deposits due to cardholders		14,479	15,137
Current income tax liabilities		2	27
Deferred consideration payables		–	74,307
Lease liabilities		8,659	15,894
		<b>806,562</b>	<b>3,631,188</b>
<b>Non-current liabilities</b>			
Deferred income tax liabilities		43,420	43,759
Provision for warranties		27,795	27,680
Accruals and other payables		2,534	2,431
Lease liabilities		50,780	54,207
		<b>124,529</b>	<b>128,077</b>
<b>Total Liabilities</b>		<b>931,091</b>	<b>3,759,265</b>
<b>Net Assets</b>		<b>2,640,789</b>	<b>2,662,839</b>
<b>Equity</b>			
Share capital		23,344	23,344
Reserves attributable to owners of the Company		2,612,321	2,608,592
		<b>2,635,665</b>	<b>2,631,936</b>
Non-controlling interests		5,124	30,903
<b>Total equity</b>		<b>2,640,789</b>	<b>2,662,839</b>



**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 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
Balance at December 31, 2022, as previously reported	23,344	3,398,001	(131,651)	15,862	22,382	66,212	47,191	14,402	44,406	(868,213)	2,631,936	30,903	2,662,839
Effect of adoption of Amendments to HKAS 12 (Note 2)	-	-	-	-	-	-	-	-	-	(2,465)	(2,465)	-	(2,465)
<b>Balance at January 1, 2023</b>	<b>23,344</b>	<b>3,398,001</b>	<b>(131,651)</b>	<b>15,862</b>	<b>22,382</b>	<b>66,212</b>	<b>47,191</b>	<b>14,402</b>	<b>44,406</b>	<b>(870,678)</b>	<b>2,629,471</b>	<b>30,903</b>	<b>2,660,374</b>
Profit for the period	-	-	-	-	-	-	-	-	-	24,157	24,157	(1,247)	22,910
Other comprehensive income for the period	-	-	-	-	-	(21,323)	-	-	-	-	(21,323)	78	(21,245)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(21,323)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,157</b>	<b>2,834</b>	<b>(1,169)</b>	<b>1,665</b>
Recognition of equity settled share-based payments	-	-	-	4,665	-	-	-	-	-	-	4,665	-	4,665
Purchase of shares under share award scheme	-	-	(1,440)	-	-	-	-	-	-	-	(1,440)	-	(1,440)
Transfer of shares upon vesting of share awards under share award scheme	-	4	4,464	(4,468)	-	-	-	-	-	-	-	-	-
Transaction with non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(24,610)	(24,610)
Transactions with shareholder - Employee share-based compensation	-	-	-	-	-	-	-	-	135	-	135	-	135
<b>Balance at June 30, 2023</b>	<b>23,344</b>	<b>3,398,005</b>	<b>(128,627)</b>	<b>16,059</b>	<b>22,382</b>	<b>44,889</b>	<b>47,191</b>	<b>14,402</b>	<b>44,541</b>	<b>(846,521)</b>	<b>2,635,665</b>	<b>5,124</b>	<b>2,640,789</b>
Balance at January 1, 2022	23,344	3,397,632	(118,855)	25,316	27,833	122,393	47,191	14,402	44,317	(746,964)	2,836,609	49,531	2,886,140
Loss for the period	-	-	-	-	-	-	-	-	-	(85,194)	(85,194)	254	(84,940)
Other comprehensive income for the period	-	-	-	-	-	(29,567)	-	-	-	-	(29,567)	(1,984)	(31,551)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(29,567)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(85,194)</b>	<b>(114,761)</b>	<b>(1,730)</b>	<b>(116,491)</b>
Recognition of equity settled share-based payments	-	-	-	3,888	-	-	-	-	-	-	3,888	-	3,888
Purchase of shares under share award scheme	-	-	(13,352)	-	-	-	-	-	-	-	(13,352)	-	(13,352)
Transfer of shares upon vesting of share awards under share award scheme	-	847	9,719	(10,566)	-	-	-	-	-	-	-	-	-
Transactions with a shareholder - Employee share-based compensation	-	-	-	-	-	-	-	-	210	-	210	-	210
- Employee share-based compensation recharge	-	-	-	-	-	-	-	-	(328)	-	(328)	-	(328)
<b>Balance at June 30, 2022</b>	<b>23,344</b>	<b>3,398,479</b>	<b>(122,488)</b>	<b>18,638</b>	<b>27,833</b>	<b>92,826</b>	<b>47,191</b>	<b>14,402</b>	<b>44,199</b>	<b>(832,158)</b>	<b>2,712,266</b>	<b>47,801</b>	<b>2,760,067</b>



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the Six-Month Period

	Note	Six months ended June 30,	
		2023 HK\$'000	2022 HK\$'000
Net cash (used in)/generated from operating activities		<b>(2,648,831)</b>	1,717,595
Net cash used in investing activities		<b>(66,953)</b>	(146,016)
Net cash used in financing activities		<b>(11,117)</b>	(17,846)
Net (decrease)/increase in cash and cash equivalents		<b>(2,726,901)</b>	1,553,733
Cash and cash equivalents at the beginning of the period		<b>4,015,110</b>	1,088,450
Effect of foreign exchange rate changes		<b>(1,171)</b>	(2,284)
Cash and cash equivalents at the end of the period	9	<b>1,287,038</b>	2,639,899



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, 2022, 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, 2023.

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**”). Saved as disclosed in Note 2, 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. CHANGES IN ACCOUNTING POLICIES

This note discloses the new and amended HKFRSs of Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction* that have been applied from January 1, 2023 and explains the impact of the adoption on the Group's consolidated financial statements.

### (a) Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning obligations.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented, entities are required to recognize deferred tax assets (to the extent that it is probable that they can be utilized) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with leases and decommissioning obligations. The cumulative effect of recognizing these adjustments is recognized in retained earnings, or another component of equity, as appropriate.

### (b) Impact of adoption

The amendments are effective for the Group's reporting periods beginning on January 1, 2023. As at June 30, 2023, the carrying amounts of right-of-use assets, lease liabilities and decommissioning obligations which are subject to the amendments amounted to approximately HK\$56,813,000, HK\$59,439,000 and HK\$2,304,000 respectively, in which the Group has recognized the related deferred tax assets and deferred tax liabilities of approximately HK\$444,000 and HK\$1,155,000 respectively. The cumulative effect of initially applying the amendments has been recognized as an adjustment to the opening balance of accumulated losses at the beginning of the earliest comparative period presented.

### 3. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable from lottery hardware sales (including provision of related after-sales services), provision of lottery distribution and ancillary services in Mainland China, provision of electronic payment services in Macau (including provision of payment card services and ancillary services, e-wallet services and acquiring services for other payment platforms), lifestyle, games and entertainment, marketing technical services and e-commerce, non-lottery hardware sales and lease income of lottery hardware, payment terminals and equipment in Mainland China and Macau and is analysed as follows:

	Three months ended		Six months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Lottery				
(i) Lottery hardware sales	16,011	37,822	49,865	53,557
(ii) Lottery distribution through physical channels and ancillary services	22,512	11,865	41,392	24,245
Electronic payment				
(i) Provision of payment card services and ancillary services	23,992	20,365	58,785	21,501
(ii) Provision of e-wallet services	21,357	7,513	48,221	8,178
(iii) Provision of acquiring services for other payment platforms	33,563	18,339	81,377	19,893
Lifestyle, games and entertainment, marketing technical services and e-commerce	5,392	440	11,264	1,470
Non-lottery hardware sales	153	33	251	2,291
Subtotal	122,980	96,377	291,155	131,135
Lease income of lottery hardware, payment terminals and equipment	1,579	1,618	3,277	2,132
Total	124,559	97,995	294,432	133,267



### Segment Information

The executive Directors have been identified as the chief operating decision maker (“**CODM**”). The CODM reviews the Group’s internal reporting in order to assess performance and allocate resources.

The segment information reported externally is analyzed on the basis of the composition of its reporting segments by line of businesses, which are (i) Lottery operation; (ii) Electronic payment and related services, respectively. The CODM is of the view that the presentation of the operating segment information reflects the Group’s operations and this is consistent with the internal information regularly reviewed by the CODM for the purposes of resources allocation and assessment of performance.

Principal activities of the Group’s reportable segments are as follows:

Lottery operation – sales and leasing of lottery hardware (including provision of related after-sale services), provision of lottery distribution and ancillary services in Mainland China; and other related services.

Electronic payment and related services – provision of payment card services and ancillary services; provision of e-wallet services; provision of acquiring services for other payment services providers; sale and leasing of payment terminals and equipment; and other related services in Macau.

Segment results represent the profit earned or loss incurred by each segment without allocation of results attributable to net finance income, income tax, depreciation and amortization expenses, net other gains/losses, gain or loss on fair value changes of financial assets at fair value through profit or loss, imputed interest expense on deferred consideration, unallocated other income and unallocated expenses (the “**Adjusted EBITDA**”). Unallocated expenses mainly include corporate and head office expenses. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

Information regarding the above reportable segments is reported as below:

**(a) Segment revenue and results**

For the six months ended June 30 (unaudited)	Lottery operation		Electronic payment and related services		Total	
	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment revenue</b>						
Recognized at a point in time	49,923	55,816	189,653	46,650	239,576	102,466
Recognized over time	41,578	25,715	10,001	2,954	51,579	28,669
Lease income of lottery hardware, payment terminals and equipment	775	827	2,502	1,305	3,277	2,132
Total revenue	92,276	82,358	202,156	50,909	294,432	133,267
<b>Adjusted EBITDA</b>	<b>6,955</b>	<b>777</b>	<b>33,984</b>	<b>(12,626)</b>	<b>40,939</b>	<b>(11,849)</b>
Net finance income					35,558	9,089
Depreciation and amortization expenses					(34,867)	(23,677)
Net other losses					(3,765)	(6,915)
Gain/(loss) on fair value changes of financial assets					1,605	(26,641)
Imputed interest expense on deferred consideration					(1,675)	273
Unallocated other income					1,734	1,799
Unallocated expenses					(16,487)	(27,848)
Profit/(loss) before income tax					23,042	(85,769)



**(b) Segment assets and liabilities**

There was no separate segment assets and segment liabilities information provided to the CODM, as CODM does not use this information to allocate resources to or evaluate the performance of the operating segments.

**(c) Geographical information**

The Group's operations are mainly located in Mainland China and Macau.

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	
	June 30, 2023	June 30, 2022	June 30, 2023	December 31, 2022
	(unaudited)	(unaudited)	(unaudited)	(audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Mainland China	92,276	82,358	1,097,189	1,129,314
Macau	202,156	50,909	828,363	852,646
Hong Kong	–	–	4,973	5,490
	<b>294,432</b>	133,267	<b>1,930,525</b>	1,987,450

\* Non-current assets represent non-current assets other than financial assets at fair value through profit or loss and deferred income tax assets.






#### 4. OTHER OPERATING EXPENSES

	Six months ended	
	June 30,	
	2023	2022
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Transaction service fees	60,618	15,753
Handling fees (for stored value payment card top-up services)	13,163	7,034
Distribution expenses	29,853	17,046
Marketing expenses	7,328	13,095
Customer loyalty programme related expenses	19,885	8,041
Technology service fees	4,002	629
Provision for warranties	3,948	4,442
Legal and professional fees	4,338	4,152
Management and administrative service fees to fellow subsidiaries	2,343	2,687
Rent, rates and property management fees	2,287	1,791
Telecommunication and postage	2,014	1,507
Repair and maintenance	1,366	739
Office expenses	3,072	1,351
Travel and transportation expenses	2,904	1,472
Auditor's remuneration	1,330	900
Others	8,053	5,702
	<b>166,504</b>	<b>86,341</b>

#### 5. INCOME TAX (EXPENSE)/CREDIT

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

#### 6. PROFIT/(LOSS) FOR THE PERIOD

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Share-based payments	2,451	1,281	4,800	4,098
Bank interest income	(12,868)	(5,833)	(35,730)	(9,383)



## 7. EARNING/(LOSS) PER SHARE

### (a) Basic

Basic earning or loss per share is calculated by dividing the unaudited loss attributable to owners of the Company for the Three-Month Period of approximately HK\$12,732,000 and unaudited profit attributable to owners of the Company for the Six-Month Period of approximately HK\$24,157,000 (for the three months and six months ended June 30, 2022: loss of approximately HK\$74,064,000 and HK\$85,194,000 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, 2022: approximately 11,672,342,000 shares) and excluding the weighted average number of shares held for share award scheme of approximately 255,008,000 shares and 259,374,000 shares respectively (for the three months and six months ended June 30, 2022: approximately 225,855,000 shares and 227,074,000 shares respectively).

### (b) Diluted

Diluted earning or 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 one category of dilutive potential ordinary shares: share awards. For the 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 awards.

For the Six-Month Period, diluted earning per share is calculated by dividing the unaudited profit attributable to owners of the Company of approximately HK\$24,157,000 by the adjusted weighted average number of ordinary shares of approximately 11,451,175,000 shares.

For the Three-Month Period, 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, 2022, 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.



## 8. TRADE RECEIVABLES

	<b>As at June 30, 2023 (unaudited) HK\$'000</b>	As at December 31, 2022 (audited) HK\$'000
Trade receivables	<b>17,544</b>	26,618
Loss allowance	<b>(17)</b>	(17)
	<b>17,527</b>	26,601

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

	<b>As at June 30, 2023 (unaudited) HK\$'000</b>	As at December 31, 2022 (audited) HK\$'000
0 to 30 days	<b>16,523</b>	24,178
31 to 60 days	<b>397</b>	755
61 to 90 days	<b>63</b>	159
91 to 120 days	<b>30</b>	560
121 to 365 days	<b>211</b>	672
Over 365 days	<b>320</b>	294
	<b>17,544</b>	26,618



## 9. CASH AND BANK BALANCES

	<b>As at June 30, 2023 (unaudited) HK\$'000</b>	As at December 31, 2022 (audited) HK\$'000
Cash and cash equivalents	<b>1,287,038</b>	4,015,110
Fixed deposits held at bank with original maturity over three months	<b>23,506</b>	–
Pledged bank deposits	<b>1,511</b>	2,053
Restricted cash	<b>5,061</b>	6,501
	<b>1,317,116</b>	4,023,664

## 10. TRADE PAYABLES

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

	<b>As at June 30, 2023 (unaudited) HK\$'000</b>	As at December 31, 2022 (audited) HK\$'000
0 to 30 days	<b>18,016</b>	28,418
31 to 60 days	<b>943</b>	141
61 to 90 days	<b>766</b>	32
91 to 120 days	<b>340</b>	91
121 to 365 days	<b>1,475</b>	720
Over 365 days	<b>2,671</b>	1,779
	<b>24,211</b>	31,181



## 11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at June 30, 2023, financial assets at fair value through profit or loss in the sum of approximately HK\$80.5 million represents the convertible term loan facilities in the maximum amount of INR1,319.4 million (or approximately HK\$137.3 million) which had been provided by the Group to, and fully utilized by, its joint venture company in India, First Games Technology Private Limited (formerly known as “Paytm First Games Private Limited”) (the “JV”). A fair value gain of such financial assets of approximately HK\$1.6 million was recognized for the Six-Month Period (Six months ended June 30, 2022: loss of approximately HK\$26.6 million).

The convertible term loans are unsecured and are repayable on the dates falling after 60 months from the respective dates of their utilization (the “**Final Repayment Dates**”) 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 facilities) 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.

	<b>Convertible term loans</b> (unaudited) <i>HK\$'000</i>
At January 1, 2022	84,698
Issue of convertible term loans	34,057
Loss on fair value changes	(26,641)
At June 30, 2022	92,114
At January 1, 2023	78,854
Gain on fair value changes	1,605
At June 30, 2023	80,459



### Valuation technique

The convertible term loans are treated as financial assets at fair value through profit or loss of the Group and are subject to fair value measurement (determined by discounting the contractual cash flows (the principal amount and all periodic interests) over the contractual term of the convertible term loans at discount rates with reference to the yield of comparable bonds adjusted for specific loan market.

### Information about fair value measurement using significant unobservable inputs (level 3)- Convertible term loans

Description	Fair Value <i>HK\$'000</i>	Valuation Technique	Unobservable inputs	Range (Weighted average)	Relationship of unobservable inputs to fair value
Convertible term loans	80,459 (December 31, 2022: 78,854)	Discounted cash flow	Discount rate	27.51% to 27.92% (December 31, 2022: 23.42% to 23.82%)	The higher the discount rate, the lower the fair value

As the convertible term loans are accounted for as financial assets at fair value through profit or loss of the Group and are subject to fair value measurement by way of the valuation technique mentioned above, no interests on the convertible term loans will be accrued or recognized by the Group during their tenure. However, in the event that the Group does not elect to exercise its right to convert all or any part of the convertible term loans into shares of the JV on or before the Final Repayment Dates, the JV shall repay the unpaid interests (calculated at the rate of 8% per annum) and the outstanding principal amounts of the convertible term loans on the respective Final Repayment Dates.



## 12. RELATED PARTY TRANSACTIONS

### (a) Sales of goods and services

	Six months ended	
	June 30,	
	2023	2022
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Revenue of lifestyle, games and entertainment and e-commerce business from fellow subsidiaries	216	19
Revenue of non-lottery hardware business from a fellow subsidiary	–	2,478
Revenue of electronic payment business from related parties	6,367	2,380
Recharge for rental services to a joint venture	–	391

### (b) Purchases of goods and services

	Six months ended	
	June 30,	
	2023	2022
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Recharge for operation of lottery distribution from fellow subsidiaries	2,593	2,113
Payment of service fees for electronic payment business to related parties	34,655	7,290
Purchase of technology services from fellow subsidiaries	1,913	826
Purchase of technology services from related parties	1,023	–
Recharge for rental services from fellow subsidiaries	97	10
Recharge for management and administrative services from fellow subsidiaries	2,630	2,921

**(c) Key management compensation**

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

	<b>Six months ended</b>	
	<b>June 30,</b>	
	<b>2023</b>	2022
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'000</b>	HK\$'000
Short-term employee benefits	<b>3,495</b>	3,454
Share-based payments	<b>287</b>	347
Post-employment benefits	<b>134</b>	99
	<b>3,916</b>	3,900

**(d) Loan to related parties**

	<b>As at</b>	As at
	<b>June 30,</b>	December 31,
	<b>2023</b>	2022
	<b>(unaudited)</b>	(audited)
	<b>HK\$'000</b>	HK\$'000
Loan to an associate, net of loss allowance	<b>44,898</b>	43,974
Convertible term loans to a joint venture (Note 11)	<b>80,459</b>	78,854

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

	<b>As at</b>	As at
	<b>June 30,</b>	December 31,
	<b>2023</b>	2022
	<b>(unaudited)</b>	(audited)
	<b>HK\$'000</b>	HK\$'000
Amounts due from fellow subsidiaries	<b>1,698</b>	1,813
Amount due from a joint venture	<b>12,972</b>	24,136
Amounts due from related parties	<b>27,432</b>	49,248
Amounts due to fellow subsidiaries	<b>(42,423)</b>	(48,041)





## DIVIDEND

The Board does not recommend the payment of an interim dividend for the Six-Month Period (2022: 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 electronic payment services, lottery, lifestyle, games and entertainment, marketing technical services, e-commerce and non-lottery hardware supply markets with a focus on Mainland China and Macau. As a member of the Alibaba Group, the Group is the exclusive lottery platform of Alibaba Group and Ant Group.

AGTech's businesses are broadly divided into four principal categories:

- (i) Lottery:
  - (a) lottery hardware sales;
  - (b) lottery distribution through physical channels and ancillary services;
- (ii) Electronic payment:
  - (a) provision of payment card services and ancillary services;
  - (b) provision of e-wallet services;
  - (c) provision of acquiring services for other payment platforms;
- (iii) Lifestyle, games and entertainment, marketing technical services and e-commerce; and
- (iv) Non-lottery hardware supply (including sales and leasing).

AGTech is an associate member of the World Lottery Association (WLA) and the Asia Pacific Lottery Association (APLA).



## CORPORATE STRATEGY AND OBJECTIVES

AGTech is committed to evolving its business into an integrated technology and services company engaged in electronic payment services, lottery, lifestyle, games and entertainment, marketing technical services, e-commerce and non-lottery hardware supply to cater for 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 physical channel expansion, innovative hardware, marketing services and promotions.

Building on the past experiences of the Group in designing, operating and/or providing online and mobile games and entertainment contents to several online or mobile shopping and payment platforms, the Group will strive to integrate its core competencies into its electronic payment business in Macau, with a view to not only strengthening its presence in Macau, but also broadening its business coverage in complementary sectors including but not limited to e-commerce, lifestyle, entertainment and advertising or marketing technical services and expanding its presence beyond Macau.

The Group will continue 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. At the same time, the Group will also integrate and optimize its technical capabilities in the POS (point of sales) payment terminals market and provide better services for merchants in Macau.

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



## INDUSTRY OVERVIEW

### The Macau Electronic Payment Market

Electronic payments are defined as non-cash transactions processed through digital channels. The electronic payment market in Macau is growing rapidly with the increase in the number of mobile payment transactions in recent years. According to the statistics of the AMCM\*, the number of mobile payment transactions in Macau increased from approximately 193 million in 2021 to approximately 266 million in 2022, representing a year-on-year increase of approximately 37.8%. In addition, the total transaction value rose from approximately MOP18.52 billion in 2021 to approximately MOP25.86 billion in 2022, representing a year-on-year increase of approximately 39.6% and a significant increase of more than 20 times compared to 2019.

It is worth noting that, despite the outbreak of the COVID-19 pandemic in both Mainland China and Macau at different times during 2022 which led to a decrease in the number of visitors to Macau, there was still a significant growth in the mobile payment market in Macau in 2022, which was attributable to the support for electronic payment by the government of Macau in the following ways:

- (i) the government of Macau facilitated the promotion of electronic payment by launching the “Simple Pay” service in 2021, which is an integrated payment system that allows merchants to accept various types of electronic payment methods in Macau by a single payment terminal or a QR code. Over 90% of merchants in Macau have upgraded to the Simple Pay system since its launch; and
- (ii) in order to stimulate domestic demand and ease financial pressure faced by local residents and businesses, the government of Macau launched the third round of “Electronic Consumption Benefits Plan” which ran from June 1, 2022 to February 28, 2023, entitling each qualified Macau resident to receive a start-up fund of MOP5,000 and a discount grant of MOP3,000 through one of the eight locally-registered mobile payment platforms (including MPay) or the electronic consumption card. The government of Macau further announced an additional living subsidy start-up fund of MOP8,000, which ran from October 28, 2022 to June 30, 2023.



The government's support for electronic payment has contributed to the digital transformation of Macau and the development of Macau's electronic payment market.

\* Source: AMCM

### **The Macau Tourism Culture Market**

According to the "Macao Economic Bulletin (1st Quarter/2023)" of the Statistics and Census Service of the government of Macau, the Macau economy recorded a year-on-year real growth of 38.8% in the first quarter of 2023, mainly benefited from favorable factors such as the relaxation of entry quarantine measures, the full resumption of personnel exchanges between Hong Kong and Macau, and the resumption of Mainland China's group tours to Macau. In the first quarter, the export of tourism services increased, with the increase of inbound tourists (up by 163.7%) and total consumption of tourists (up by 127.1%) driving the overall export of services up by 71.5% year-on-year in real terms, the export of other tourism services up by 72.9%, and the import of services up by 24.0%.

In June 2023, a total of 2.2 million visitors arrived in Macau, increased 4.8 times over the same month last year; among them, the number of tourists from Mainland China increased 3.3 times year-on-year to 1.44 million, the number of tourists from the nine cities in the Greater Bay Area increased 1.9 times year-on-year to 700,000, and the number of tourists from Hong Kong increased 14.5 times year-on-year to 600,000. In the first half of 2023, the total number of inbound tourists to Macau exceeded 11.64 million, increased about 2.4 times year-on-year.

The Policy Framework for the Development of the Cultural Industry (2020-2024) of the government of Macau explains the direction of the development of the cultural industry in Macau, proposes to take cultural tourism, cultural trade and cultural technology as the three major means to support the development of the cultural industry in Macau, and proposes to actively promote the extension and penetration of the value chain formed by the two major industries of culture and tourism. At present, Macau's comprehensive tourism and leisure industry is developing steadily. The government of Macau hopes to accelerate the construction of a comprehensive tourism and leisure destination integrating cuisine, vacation, sightseeing, shopping, entertainment, culture, medical care, sports and other elements through the "tourism +" development model, so as to continuously enrich the connotation of Macau as a global tourism and leisure centre.



## Overview of Macau Trade in Services Industry

According to the “Overview of Macau Trade in Services and Its Trends” issued by the Macao Trade and Investment Promotion Institute, trade in services industry is the pillar of Macau’s economy.

According to the “Report on the Development Index of Trade in Services in the World” published by the Ministry of Commerce of the People’s Republic of China, trade in services will undertake the trend of rapid development of the network in future, and the trade in services such as finance, telecommunications and software services will be closely related to Information and Communications Technology (“ICT”), thus changing the content and composition of trade in services, expanding the field and scope of trade in services, and promoting the development of trade in services more effectively. In 2021, the World Trade Organization stated that e-service among ICT services has become the fastest growing category of services over the past decade, with 8% year-on-year growth in 2020 alone. The COVID-19 pandemic has accelerated the development of the online economy and greatly changed the consumption structure and pattern, and the internet and data transmission services will effectively promote the rapid development of emerging services.

With the implementation of the Second Five-Year Plan for the Economic and Social Development of the Macao Special Administrative Region (2021-2025), digital development will be further implemented and promoted in Macau, which will not only accelerate the promotion of Macau’s export of trade in services, but also help the moderately diversified development of Macau’s economy. The popularity of mobile payment will help build digital service scenarios and increase efforts to promote the development of Macau’s services in the direction of digitalization. Financial services and technical services, trade-related services and other commercial service exports will usher in more development opportunities once they are integrated with digital technologies in the future.

## 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\*, PRC lottery sales for the Six-Month Period amounted to approximately RMB273.8 billion, representing an increase of approximately 50.4% over the corresponding period in 2022. Of this, Welfare Lottery amounted to approximately RMB89.8 billion, representing an increase of approximately 20.0% compared to the corresponding period in 2022. Sports Lottery achieved sales of approximately RMB184 billion, representing an increase of approximately 71.7% compared to the corresponding period in 2022.

\* Source: Ministry of Finance of the PRC

### **Lifestyle, Games and Entertainment, Marketing Technical Services and E-commerce**

Macau's digital adaption in the consumer sector, especially in the e-commerce space, has seen significant and continued growth in recent years. With the emergence of innovative marketing channels and platforms, digital technology and products are expected to further integrate with the life of consumers.

According to the 2022 Information Technology Usage by Residents Survey published by the Statistics and Census Service of the government of Macau, 95.8% of households in Macau are connected to the Internet, of which 97.9% are connected through mobile networks. 35.8% of its Internet users have made online purchases, an increase of 15.6% year-on-year. The median total online shopping spending amount of households in Macau in the fourth quarter of 2022 was MOP1,700, an increase of 54.5% over the same period last year; among them, "tourism services" had the highest median spending (MOP2,000). 52.5% of online shoppers have purchased food and beverages, an increase of 46.2% year-on-year. In terms of payment methods for online shopping, 95.5% of online shoppers utilized "online payment platforms", an increase of 6.5% year-on-year.



On the entertainment front, as tourism resumed in Macau post-COVID 19, concert activities had seen burgeoning growth in the city. Many Asian and international singers flocked to hold their long-awaited concerts in Macau to meet their fans, ranging from famous singers from Hong Kong such as Aaron Kwok, Jacky Cheung, Leon Lai, George Lam and Joey Yung, to groups and singers from Taiwan such as Wei Li-an, WOLF(S)(五堅情), and groups and singers from South Korea such as Super Junior and Blackpink. More concerts will be held in Macau and apart from the recovery of tourist activities post-COVID 19, there are many factors such as the special support from the Macau SAR policy and the active efforts of major casino operators which contribute to the current blossom of the concert entertainment scene in Macau. For instance, it is relatively easier for the organizers to book concert venues in Macau as various casino operators can provide a variety of performance venues to cater to different fan bases of different artists. Besides, the proximity of Macau to Hong Kong and other parts of the Greater Bay Area and the convenience of customs clearance also help attract fans from different regions to visit Macau to see concerts and go sightseeing at the same time.

## BUSINESS REVIEW

### Lottery Hardware

The Group is one of the leading suppliers of lottery terminals in China. The Group primarily supplies to Sports Lottery and has hardware deployed in multiple provinces, cities, municipalities and autonomous regions across China. 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 multiple lottery hardware tenders to supply lottery terminals to the Sports Lottery Administration Centres in Anhui Province, Chongqing Municipality, Hubei Province, Hunan Province, Sichuan Province, Guizhou Province, Hainan Province and Zhejiang Province of the PRC. The Group will continue to pursue tenders to supply to the lottery and other hardware markets.



## **Lottery Distribution and Ancillary Services**

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 under the membership network of Alibaba Group's digital sourcing platform for retailers, i.e. "Lingshoutong" (零售通). During the Six-Month Period, the Group generated revenue from the distribution of lottery through retail sales outlets, representing an increase of approximately 71% over the corresponding period in 2022. Such increase was mainly attributable to the increase in average lottery sales volume per sales outlet and the Group's continuous efforts in expanding its network of collaborating retail sales outlets for lottery distribution with an increase of approximately 20% in the number of such outlets over the corresponding period in 2022.

### ***Lottery Resources Channel Operations and Platform Services***

The Group has successfully launched its dedicated lottery resources channel on Taobao and 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 online users in China an easy access to information and resources that address various lottery needs.

The content on the lottery resources channel includes 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 addition of sports event information and paid contents, the Group has been expanding its offerings of tools and products according to market demands and users' needs. Personalized suggestions of sports events information were provided based on users' demands and habits.

Through this lottery resources channel, the Group hopes to build on its online presence and maximize the value of its business partnership with Alibaba Group and Ant Group, in addition to preparation for any potential policy approval and authorization of online distribution of lottery products in the future.

## **Electronic Payment**

An indirect wholly-owned subsidiary of the Company, Macau Pass, is one of the leading payment service providers in Macau and is an "other credit institution" licensed under AMCM. It is principally engaged in contactless payment card and ancillary services, e-wallet services and acquiring services.





### **Payment card services and ancillary services**

The “Macau Pass Card” (the “**MP Card(s)**”) is the most common contactless smart card for payments in Macau. There are currently more than 4.5 million cumulative MP Cards in issuance. The MP Card can be used for bus fare payments, payments for other public transports, car parks, government services, retail consumption, food and beverage services. Starting from May 24, 2022, passengers of the Macau’s Light Rail Transit can also use their MP Cards for fare payment. The MP Card can also be customized to include functions such as door access card, staff badge or membership card. Macau Pass receives commission income from merchants for processing transactions with payments made via MP Cards, and also generates revenue from ancillary card services such as sales and management of MP Cards.

In order to stimulate domestic demand and ease financial pressure faced by local residents and businesses, the government of Macau launched a third round of “Electronic Consumption Benefits Plan” which ran from June 1, 2022 to February 28, 2023, entitling each qualified Macau resident to receive a start-up fund of MOP5,000 and a discount grant of MOP3,000 through one of the eight locally-registered mobile payment platforms (including MPay) or the electronic consumption card. The government of Macau further announced an additional living subsidy start-up fund of MOP8,000, which ran from October 28, 2022 to June 30, 2023.

### **E-wallet services**

The Group provides e-wallet services via a mobile app called “MPay”, which supports online and offline payments covering different payment scenarios such as person-to-person transfer, telecommunication and utility bill payment, online ticketing, payment of car parking fees and payment of bus fares using QR code. Through co-operation with designated banking partners, MPay is also allowed by the People’s Bank of China for offline cross-border use in the PRC. The Group receives commission income (based on a percentage of the transaction value) from merchants for processing transactions with payments made via MPay.



Through cooperation with Alipay+ (a suite of global cross-border digital payment and marketing solutions launched by Ant Group), MPay has officially become a payment partner of Taobao (Macao, China) to provide electronic payment services to its users. Residents in Macau and other registered users who are not Mainland Chinese residents can now use MPay to make payments in Macau patacas directly when shopping online with Taobao (Macao, China). As the global economy gradually recovers, direct interaction with the growing number of consumers behind different Alipay+ partners' e-wallets is beneficial for Macau merchants to seize new business opportunities.

As one of the leading mobile payment e-wallets in Macau, MPay will continue to explore on strategic cooperation with the Alibaba Group and Ant Group to further develop and create more diverse business scenarios within the e-commerce and digital media and entertainment landscape, in addition to exploring commercialization opportunities within the Macau electronic payment ecosystem. Registered users of MPay account for over 90% of local residents.

### ***Acquiring services***

The Group supplies integrated payment terminals and provides acquiring services to merchants which enable merchants to accept different payment methods of other payment service providers, including but not limited to the "Alipay" e-wallet, the "AlipayHK" e-wallet and Ant Bank's "Alipay (Macao)" e-wallet operated by the Alipay Entities and/or their affiliate(s), WeChat Pay and other e-wallets launched by certain other banks in Macau (collectively, the "**Other Payment Service Providers**"). The Group receives commission income (based on a percentage of the transaction value) from merchants for processing payment of the transactions and pays a portion of such commission (based on a percentage lower than the commission rate of the transaction value) as service fees to the Other Payment Service Providers.



Macau Pass has also provided acquiring services through Alipay+ partners' e-wallets such as GCash, Touch 'n Go eWallet and TrueMoney, which was officially approved in May 2023. This means, in addition to Alipay in Mainland China, AlipayHK, WeChat Pay and other e-wallets launched by other banks in Macau, Macau Pass payment devices can now also accept payments from the aforesaid three overseas leading e-wallets from the Philippines, Malaysia and Thailand respectively, following South Korea's Kakao Pay. Through the cooperation with Alipay+, the innovative one-stop payment solution will accelerate the digital transformation of local merchants in Macau, create a connected international digital payment ecosystem for Macau, solve the problem of cross-border payment for international tourists, and help small and medium-sized enterprises ("**SMEs**") find new marketing growth opportunities.

### **Lifestyle, Games and Entertainment, Marketing Technical Services and E-commerce**

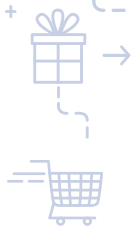
The Group has been active in building its online presence and customer-base through various online channels by offering various types of proprietary non-lottery games and entertainment content. The Group provides ticket sales and promotional support for live performances, concerts, cinemas, exhibitions and other entertainment, sports and cultural events. Providing marketing services and convenient payment experience will be beneficial for the Group to participate in the cultural and entertainment market.

The Group continues to assist merchants to attract customers, enhance brand exposure and increase online transactions. In response to the latest round of economic stimulus by the government of Macau and as one of the eight locally-registered mobile payment platforms, MPay has launched a series of electronic consumption promotions via the use of its e-wallet services, where users can get random discounts or payment rebates, as well as win prizes and earn loyalty points, mCoins, for redemption of merchant coupons and other exclusive offers on its platform.



In January 2023, through the coordination of the Macau Economic and Technological Development Bureau, the Group and the five major chambers of commerce and industry in Macau jointly launched the “Rewards for Consumption in Macao” (遊澳消費獎賞) electronic campaign. Users can go to the Alipay+ Rewards (Macau) page to collect a wide range of coupons from over 100 Macau restaurants and retailers. Leveraging the Alipay+ global cross-border mobile payment solution, store information, discounts or instant discounts are posted on the Macau Pass-operated page. Since mid-April 2023, Galaxy Macau, one of Asia’s world-class leisure and entertainment integrated resorts, has officially joined the campaign. Users can receive coupons from Galaxy merchants. The Group looks forward to interacting directly with the growing number of domestic and international consumers of the Alipay+ partners’ e-wallets, exploring new business opportunities for Macau merchants to draw in more visitors to shop, thereby jointly driving business efficiency.

In February 2023, the Group entered into a strategic cooperation agreement with 銀河ICC及綜藝館有限公司 (Galaxy ICC & Arena Limited) (a subsidiary of Galaxy Entertainment Group Limited (“**Galaxy**”)), 北京大麥文化傳媒發展有限公司 (Beijing Damai Cultural Media Development Co., Ltd.\*) (“**Damai**”) and Alibaba Pictures Group Limited (“**Alibaba Pictures**”), under which the parties have agreed to utilize their respective resources and experiences for the purpose of organizing Macau cultural and entertainment activities and promoting the development of the cultural and entertainment industry in Macau. By relying on the convenience and inclusive development of the electronic payment of Macau Pass, and the advantages of its experience in local marketing technical services in Macau, and by leveraging Galaxy’s infrastructure and resources, Damai’s leading online ticketing platform for live events in Mainland China and Alibaba Pictures’ internet-driven integrated platform for the entertainment industry to reach more customers and provide those customers with easy access to high-quality movies and/or events, it is beneficial to the Group’s participation in the cultural and entertainment market in Macau and the development of its businesses in non-payment areas.



In May 2023, Macau Pass and Samsung Electronics Hong Kong Limited signed a memorandum of understanding to provide a framework for the parties' initial cooperation intentions. The two parties agree to use their respective resources, strengths and experience to cooperate in the fields of e-finance, e-commerce, marketing, smart city construction and Internet of Things (IOT), so as to provide users with quality products or services, thereby promoting market development in the Guangdong-Hong Kong-Macao Greater Bay Area.

### **Non-lottery Hardware Supply**

In addition to lottery hardware supplies, expansion to other consumer sectors has been 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 smart hardware in the retail sector.

### ***Sale and Leasing of Payment Terminals and Equipment***

The Group also sells and leases card reader and scanner payment terminals, multi-functional payment terminals and payment equipment for vending machines to buses and/or merchants which accept the MP Cards, MPay or use the Group's acquiring services.

### **Strategic Investments**

#### *(i) First Games Technology Private Limited in India:*

A joint venture company of the Group with One97 Communications Limited ("One97"), namely, First Games Technology Private Limited (the "JV") (formerly known as Paytm First Games Private Limited), developed and operated its mobile games and entertainment platform, namely "First Games", in India. One97 is the owner of Paytm, which is a leading mobile payment platform in India. First Games offers players a unique online experience with popular games content such as rummy, poker, fantasy sports games, and other card games.

The business has continued to grow, with revenue in 2022 increasing by approximately 40% as compared to 2021. 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.



(ii) *Ant Bank in Macau:*

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. 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 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, Ant Bank officially launched the Alipay (Macao) e-wallet payment service in Macau. In addition to its e-wallet payment service, 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, 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**

As one of the leading payment service providers in Macau, the Group strives to contribute to the local fintech development and smart city transformation for Macau and the Greater Bay Area through offering its contactless smart card, e-wallet and multipurpose e-payment system. The Group is committed to enabling consumers and small businesses with access to technology and sustainable payment experiences. Through enhancing infrastructure and platform, it is the Group's aim to support the digital transformation of financial services in the Greater Bay Area and beyond.

Macau Pass will continue to work closely with the government of Macau and provide assistance to merchants and residents via any future round of "Electronic Consumption Benefits Plan" or other relief measures to SMEs promulgated by the government of Macau from time to time in order to ease the impact of the COVID-19 pandemic on the local economy. With most travel restrictions lifted, the resumption of electronic visa application for Mainland China tourists to visit Macau, and the gradual return of overseas tourists, an increase in incoming visitors will be an important driver for Macau's economic recovery. The Group strives to help Macau enterprises to provide tourists with more convenient multi-scene services, and support Macau's economic recovery and growth.



The Group will also explore on strategic cooperation with Alibaba Group to further develop and create more diverse business scenarios within the e-commerce and digital media and entertainment landscape; provide support for more electronic payment tools from overseas countries and regions to further facilitate the consumption of visitors to Macau, helping Macau's economic development and digital transformation of merchants, in addition to exploring commercialization opportunities within the Macau electronic payment ecosystem and cultural and entertainment market. Relying on the advantages of Alipay+ solution, the Group will integrate relevant industries in Macau through channels and contents, accurately present Macau's cultural tourism advantages such as entertainment, catering and shopping to potential tourists, assist collaborating merchants to increase their online exposure, and deeply build Macau into a new form of "best tourist destination".

The Group will continue to build on its market presence in the Chinese lottery industry. As the exclusive lottery business platform of Alibaba Group and Ant Group, the Group strives to further align and benefit from synergies created through cooperation with Alibaba Group and Ant Group.

The Group's 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 its lottery initiatives. The Group will continue to explore lower-tier markets with its platform which 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, the Group will continue to closely monitor policy developments.



The Group continues to operate the lottery resources channel on Taobao and Alipay to serve as a one-stop platform on lottery related information for existing and potential customers. With the addition of a wider variety of sports events and interactive entertainment to its lottery resources channel, the Group will continue to customize features to improve on 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. The Group believes 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 supplied for the retail market share similar technology and components that underlie the lottery hardware products supplied by the Group throughout the years. The Group believes its hardware division continues to be well positioned to take advantage of such opportunities should they arise.

Lastly, the Group's continuing investment to enhance its technology infrastructure and develop its in-house capabilities continues to be a demonstration of its 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\$294.4 million (Six months ended June 30, 2022: approximately HK\$133.3 million), representing an increase of approximately 120.9% over the corresponding period in 2022. For the Six-Month Period, revenue contributions were mainly derived from lottery and related business (including lottery hardware sales, provision of lottery distribution and ancillary services in Mainland China) of approximately HK\$92.3 million (Six months ended June 30, 2022: approximately HK\$82.4 million) and provision of electronic payment and related services in Macau of approximately HK\$202.1 million (Six months ended June 30, 2022: approximately HK\$50.9 million).





For revenue derived from lottery and related business, the increase by approximately HK\$9.9 million to approximately HK\$92.3 million is mainly due to the increases in revenue from the provision of lottery distribution and ancillary services by approximately HK\$17.1 million as a result of the Group's continuous effort in expanding its network of collaboration with retail sales outlets for lottery distribution; and partially offset by the decrease in lottery hardware sales and non-lottery hardware sales by approximately HK\$3.7 million and HK\$2.0 million respectively.

For revenue from the electronic payment and related businesses, the increase by approximately HK\$151.2 million to approximately HK\$202.1 million is mainly due to a combination of factors: (i) the consolidation of the revenue of the acquired wholly-owned subsidiary of the Company in Macau, Macau Pass, throughout the entire Six-Month Period, whereas results of Macau Pass were consolidated into the Group's financial statements from March 24, 2022 (being date of completion of the acquisition) to June 30, 2022 only for the six months ended June 30, 2022; and (ii) the increase in revenue for the three-months ended June 30, 2023 as compared to the three months ended June 30, 2022, as a result of the gradual economic recovery post-COVID-19 pandemic, the increase in tourist arrivals in Macau and no further extension on the exemption on transaction service fees charged to small and medium enterprises after the end of February 2023.

There was an increase in other operating expenses of the Group by approximately HK\$80.2 million to approximately HK\$166.5 million for the Six-Month Period (Six months ended June 30, 2022: approximately HK\$86.3 million), mainly due to a combination of factors: (i) an increase in service fees paid to other payment service providers in respect of the electronic payment services by approximately HK\$51.0 million; (ii) an increase in cost incurred for e-wallet services' customer loyalty programme by approximately HK\$11.8 million; and (iii) an increase in distribution expenses in relation to lottery distribution business by approximately HK\$12.8 million.



Employee benefits expenses increased by approximately HK\$21.8 million to approximately HK\$77.3 million (Six months ended June 30, 2022: approximately HK\$55.5 million) for the Six-Month Period, mainly due to the inclusion of the Macau Pass Group's employee benefits expenses following the acquisition of the Macau Pass Group for the entire Six-Month Period, whereas such expenses were consolidated into the financial statements of the Group only from March 24, 2022 to June 30, 2022 for the six months ended June 30, 2022.

Depreciation and amortization expenses increased by approximately HK\$11.2 million to approximately HK\$34.9 million for the Six-Month Period (Six months ended June 30, 2022: approximately HK\$23.7 million), mainly due to the consolidation of the depreciation and amortization expenses of the Macau Pass Group into the financial statements of the Group and the recognition of amortization expenses on the fair value of identifiable intangible assets, i.e. brand name, customer and business relationships arising from the acquisition of the Macau Pass Group for the entire Six-Month Period, whereas such expenses were consolidated into and recognized in the financial statements of the Group only from March 24, 2022 to June 30, 2022 for the six months ended June 30, 2022.

Operating loss for the Six-Month Period was approximately HK\$12.4 million (Six months ended June 30, 2022: approximately HK\$68.5 million). The decrease in operating loss was mainly due to a combination of factors: (i) the increase in total revenue (partially offset by the related costs and expenses) of the Group as mentioned above; and (ii) the increase in other income by approximately HK\$4.8 million to approximately HK\$8.5 million as a result of the increase in technical services income (Six months ended June 30, 2022: approximately HK\$3.7 million).



The profit for the Six-Month Period was approximately HK\$22.9 million (Six months ended June, 2022: loss of approximately HK\$84.9 million). Apart from the above-mentioned factors for the decrease in operating loss, the change from loss to profit for the Six-Month Period was also primarily attributable to (i) the increase in net finance income by approximately HK\$26.5 million to approximately HK\$35.6 million (Six months ended June 30, 2022: approximately HK\$9.1 million) mainly due to the increases in average bank deposits balances of the Group for the Six-Month Period (including balances in respect of the outstanding living subsidy and outstanding third round of funds under the Electronic Consumption Benefits Plan in Macau to be distributed to the registered card/e-wallet users of Macau Pass) and the increase in market interest rates for the Six-Month Period; and (ii) a fair value gain on the convertible term loan facilities provided by the Group to its 45%-owned joint venture company in India of approximately HK\$1.6 million which was recognized for the Six-Month Period, whereas a loss on fair value changes of such financial assets of approximately HK\$26.6 million was recorded for the corresponding period in 2022.

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

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and meet its short-term and long-term funding requirements. The total assets and net current assets of the Group as at June 30, 2023 were approximately HK\$3,571.9 million and approximately HK\$747.9 million respectively (as at December 31, 2022: approximately HK\$6,422.1 million and approximately HK\$715.2 million respectively). Current liabilities of the Group as at June 30, 2023 were approximately HK\$806.6 million (as at December 31, 2022: approximately HK\$3,631.2 million). The liquidity ratio (defined as current assets divided by current liabilities) of the Group as at June 30, 2023 was approximately 1.9 (as at December 31, 2022: approximately 1.2) 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, 2023, 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, 2023 was therefore not applicable.

As at June 30, 2023, majority of the Group's bank deposits were denominated in US\$, MOP, HK\$ and RMB. RMB-denominated bank deposits were primarily held by the entities of which functional currency is RMB. MOP-denominated bank deposits were primarily held by the entities of which functional currency is MOP. Since MOP is pegged to HK\$ and HK\$ is pegged to US\$, there is no significant foreign exchange risk in respect to US\$ and MOP during the Six-Month Period. As at June 30, 2023, the Group's entity with functional currency of Hong Kong dollar had net monetary assets denominated in INR of approximately HK\$80.5 million (as at December 31, 2022: approximately HK\$78.9 million) and the related foreign exchange risk had not been hedged. Substantially all of its revenue-generating operations, monetary assets and liabilities of the Group are conducted or transacted in functional currencies. The Group had neither foreign currency hedging activities nor any financial instruments for hedging purposes during the Six-Month Period. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

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

As at June 30, 2023, 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, 2023, the Group had 365 (as at June 30, 2022: 329) employees in Mainland China, Macau and Hong Kong. Total staff costs (excluding Directors' emoluments) for the Six-Month Period amounted to approximately HK\$73.3 million (for the six months ended June 30, 2022: approximately HK\$51.6 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 (including on-the-job training, in-house and external training seminars).

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

As at June 30, 2023, bank deposits of approximately HK\$1.5 million (as at December 31, 2022: approximately HK\$2.1 million) were held in designated bank accounts to secure letters of bank guarantee granted to the Group.

As at June 30, 2023, a sum of approximately HK\$5.1 million (as at December 31, 2022: approximately HK\$6.5 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.

In addition, as at June 30, 2023, a restricted bank deposit was held for performance guarantees provided by a Macau bank in favor of the Macau government for service projects of Macau Pass to the extent of approximately HK\$19,000. The bank guarantees are secured by the restricted bank deposit provided by the Group amounting to approximately HK\$19,000.

Save as disclosed above, as at June 30, 2023, there was no charge on the assets of the Group.

### ***Future plans for material investments and acquisition of capital assets***

As at June 30, 2023, 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\$33.9 million as at June 30, 2023 (as at December 31, 2022: approximately HK\$33.1 million). Inventory turnover period increased from 162 days for the year ended December 31, 2022 to 185 days for the Six-Month Period mainly due to the increase of inventories close to current period end to meet the demand for the committed orders for the upcoming third quarter of 2023.

Trade receivables of the Group amounted to approximately HK\$17.5 million as at June 30, 2023 (as at December 31, 2022: approximately HK\$26.6 million). Debtor turnover period decreased from 20 days for the year ended December 31, 2022 to 14 days for the Six-Month Period. The debtor turnover period continued to stay at a low level for the Six-Month Period, reflecting that the status of debtor collection from customers remained satisfactory.

Goodwill of the Group decreased to approximately HK\$1,463.7 million as at June 30, 2023 (as at December 31, 2022: approximately HK\$1,489.1 million), primarily due to the currency translation difference of approximately HK\$25.4 million.

Financial assets at fair value through profit or loss in the sum of approximately HK\$80.5 million as at June 30, 2023 (as at December 31, 2022: approximately HK\$78.9 million) represents the convertible term loan facilities in the maximum amount of INR1,319.4 million (or approximately HK\$137.3 million) which had been provided by the Group to and fully utilized by the JV. A fair value gain on such financial assets of approximately HK\$1.6 million was recognized for the Six-Month Period (Six months ended June 30, 2022: loss of approximately HK\$26.6 million). A fair value loss on such financial assets was recognized for the six months ended June 30, 2022, mainly due to the increase in market interest rates during such period; whereas there was no significant change in the market interest rates for the Six-Month Period.

There was no outstanding deferred consideration payable as at June 30, 2023 (as at December 31, 2022: approximately HK\$74.3 million). The deferred consideration in relation to the acquisition of the Macau Pass Group was paid in March 2023.



The Group entered into an engagement with the Macau government as one of the registered payment platforms for the Electronic Consumption Benefits Plan (the “**ECBP**”). Floats balance due to card or account holders amounted to approximately HK\$442.6 million as at June 30, 2023 (as at December 31, 2022: approximately HK\$1,744.3 million). The decrease in floats balance by approximately HK\$1,301.7 million as at June 30, 2023 is mainly due to the consumption of the living subsidy and third round of funds under the 2022 ECBP by Macau residents during the Six-Month Period.

The current portion of accruals and other payables decreased from approximately HK\$1,718.7 million as at December 31, 2022 to approximately HK\$286.9 million as at June 30, 2023, which was mainly due to the consumption of the living subsidy and third round of funds under the 2022 ECBP by Macau citizen during the Six-Month Period.

The current portion of other receivables, deposits and prepayments decreased from approximately HK\$263.1 million as at December 31, 2022 to approximately HK\$186.0 million as at June 30, 2023, which was mainly due to the decrease in amount due from related parties, decrease in amount due from a JV and the receipt of funds under the 2022 ECBP from the government of Macau.

### ***Significant events after the Six-Month Period***

As of 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 of the Net Proceeds in the Company’s first quarterly results announcement for the three months ended March 31, 2020 (the “**2020 Re-allocations**”) and the third quarterly results announcement for the nine months ended September 30, 2022 (the “**2022 Re-allocations**”) respectively, and the deadline of usage of all the remaining Net Proceeds was further postponed from December 31, 2022 to December 31, 2023. As disclosed in the section headed “USE OF PROCEEDS FROM THE SUBSCRIPTION” on pages 134 to 139 of the annual report of the Company for the year ended December 31, 2022, Net Proceeds in the sum of approximately HK\$40.9 million remained as at December 31, 2022.



During the Six-Month Period, approximately HK\$40.9 million in total was used by the Group for its lottery distribution business and for general corporate purposes in the manner as set out in the table below. All the Net Proceeds had been used up by the Group as at June 30, 2023.

Business division of the Group, or general corporate purposes, for which the Net Proceeds are intended to be used	Amount of Net Proceeds remained to be used as at December 31, 2022	Amount of Net Proceeds actually used during the Six-Month Period	Amount of Net Proceeds remained to be used as at June 30, 2023	Actual application of Net Proceeds during the Six-Month Period (with expected timeline of usage of unused proceeds and explanations for material difference from intended usage, if any)
(i) <b>Lottery Distribution:</b>	<b>approximately HK\$21.7 million</b> (or approximately 53.1% of total remaining as at December 31, 2022)	<b>approximately HK\$21.7 million</b>	<b>Nil</b>	The Net Proceeds were used in items (i)(b) and (i)(c).
(a) sales, marketing and distribution of virtual lottery games				No material difference from intended usage noted following the 2020 Re-allocations and 2022 Re-allocations.
(b) sales, marketing and distribution of instant scratch lottery games				
(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 division of the Group, or general corporate purposes, for which the Net Proceeds are intended to be used

Amount of Net Proceeds remained to be used as at December 31, 2022

Amount of Net Proceeds actually used during the Six-Month Period

Amount of Net Proceeds remained to be used as at June 30, 2023

Actual application of Net Proceeds during the Six-Month Period (with expected timeline of usage of unused proceeds and explanations for material difference from intended usage, if any)

(ii) General corporate purposes:

approximately HK\$19.2 million (or approximately 46.9% of total remaining as at December 31, 2022)

approximately HK\$19.2 million

Nil

The Net Proceeds were used in items (ii)(a) and (ii)(b).

(a) staff costs and other administrative expenses of the Group (including the costs relating to the Share Award Scheme)

No material difference from intended usage noted following the 2020 Re-allocations and 2022 Re-allocations.

(b) general working capital of the Group

Grand total:

approximately HK\$40.9 million

approximately HK\$40.9 million

Nil

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

As at June 30, 2023, 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 5.48 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	54,158,000 (Note 2)	2,006,250,000 (Note 3)	2,060,408,000	17.652%
Ms. Hu Taoye	5,384,000 (Note 4)	–	5,384,000	0.046%
Mr. Tung Pen Hung (Appointed on May 12, 2023)	–	–	–	0%
Ms. Qin Yuehong (Appointed on May 12, 2023)	–	–	–	0%
Mr. Ji Gang	–	–	–	0%
Mr. Zou Liang	–	–	–	0%
Mr. Chow Siu Lui	–	–	–	0%
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, 2023.
2. It represents 46,158,000 Shares and 8,000,000 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 288,000 Shares and 5,096,000 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 total issued share capital of Alibaba Holding
		<i>(in the number of American Depository Shares ("ADS(s)") of Alibaba Holding) (Note 1)</i>	<i>(in the number of ordinary shares of Alibaba Holding) (Note 1)</i>	<i>(Note 2)</i>
Ms. Hu Taoye	<i>(Note 3)</i>	18,911	151,288	0.001%
Mr. Tung Pen Hung	<i>(Note 4)</i> (Appointed on May 12, 2023)	79,676	637,408	0.003%
Ms. Qin Yuehong	<i>(Note 5)</i> (Appointed on May 12, 2023)	53,750	430,000	0.002%
Mr. Ji Gang	<i>(Note 6)</i>	10,235	81,880	negligible
Mr. Zou Liang	<i>(Note 7)</i>	2,540	20,320	negligible

Notes:

- 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.
- Based on a total of 20,526,017,712 ordinary shares of Alibaba Holding in issue as at June 30, 2023.
- The interest comprised 16,061 ADSs of Alibaba Holding and 2,850 RSUs of Alibaba Holding beneficially held by Ms. Hu Taoye.
- The interest comprised 61,926 ADSs of Alibaba Holding and 17,750 RSUs of Alibaba Holding beneficially held by Mr. Tung Pen Hung.



5. The interest comprised 36,750 ADSs of Alibaba Holding and 17,000 RSUs of Alibaba Holding beneficially held by Ms. Qin Yuehong.
6. The interest comprised 8,628 ADSs of Alibaba Holding and 1,607 RSUs of Alibaba Holding beneficially held by Mr. Ji Gang.
7. The interest comprised 2,085 ADSs of Alibaba Holding and 455 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/ underlying shares of Ali Pictures held	Approximate percentage of total issued share capital of Ali Pictures <i>(Note 1)</i>
Mr. Zou Liang	<i>(Note 2)</i>	90,000	negligible

*Notes:*

1. Based on a total of 26,975,740,156 ordinary shares of Ali Pictures in issue as at June 30, 2023.
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, 2023, 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 5.48 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, 2023, 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 total 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%
Mr. Cheung Lup Kwan Vitor (Note 10)	Interest of controlled corporation	584,515,224	5.01%
Rainwood Resources Limited (Note 10)	Beneficial owner	584,515,224	5.01%



## Notes:

1. Based on a total of 11,672,342,235 Shares in issue as at June 30, 2023.
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 31% and 22% of Ant Holdco’s total issued shares, respectively.
7. Hangzhou Yunbo Investment Consulting 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 a concert party agreement (the “**Concert Party Agreement**”) 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. Pursuant to certain agreements entered into by Mr. Ma Yun, Yunbo and others on January 7, 2023, subject to certain conditions (including obtaining regulatory approvals) being satisfied, among other things, the Concert Party Agreement among shareholders of Yunbo will be terminated, Yunbo will cease to be Junhan’s general partner, and Mr. Ma Yun will cease to hold any interests in Yunbo. When these steps are effected, Mr. Ma Yun, Mr. Jing Eric Xiandong, Ms. Jiang Fang, Mr. Hu Simon Xiaoming and Yunbo will cease to have a notifiable interest. As at the date of this report, completion of such agreements has not taken place and is subject to approval of or filing with relevant government authorities.
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.

10. Based on the disclosure of interests form filed on March 3, 2023, the equity interest of Mr. Cheung Lup Kwan Vitor in Rainwood Resources Limited decreased from 100% to 52% with effect from May 9, 2022. Therefore, Mr. Cheung Lup Kwan Vitor is deemed to be interested in these 584,515,224 Shares under the SFO.

Save as disclosed above, as at June 30, 2023, 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, 2023, 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

Ali Fortune, the controlling shareholder of the Company, is indirectly owned as to 60% and 40% by Alibaba Holding and Ant Holdco respectively. Ant Holdco is indirectly held by Alibaba Holding as to approximately 33% of its equity interest and is therefore a “close associate” (as defined in the GEM Listing Rules) of Ali Fortune.

Ant Bank is a joint venture company incorporated under the laws of Macau which is held as to 66.7% by two indirect wholly-owned subsidiaries of Ant Holdco and as to 33.3% by a 30% indirectly owned associated company of the Company.



Ant Bank officially commenced operations in April 2019. It launched the Alipay (Macao) e-wallet payment service in Macau in September 2019. Two Directors, namely Mr. Sun Ho and Mr. Ji Gang, are also directors of Ant Bank.

Following completion of the acquisition of Macau Pass by the Group on March 24, 2022 (the “**Completion**”), Macau Pass has become an indirect wholly-owned subsidiary of the Company and will continue to provide electronic payment services including e-wallet payment service in Macau. Nevertheless, the Company does not regard Ant Bank as a “competing business” operated by Ant Group against the Group because:

- (i) from the perspective of the Group, Ant Bank is a joint venture company in which the Group also has an indirect equity interest and is entitled to indirectly share its financial results; and
- (ii) from the perspective of Macau Pass, Ant Bank has been a business partner in respect of Macau Pass’ acquiring service business in Macau and the two companies shall continue their business cooperation following Completion on terms and conditions consistent with their past practice.

Save as disclosed above, as at the date hereof, none of the Directors, controlling Shareholders or their respective close associates had interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

## **AUDIT COMMITTEE**

The audit committee of the Company (the “**Audit Committee**”) comprises three independent non-executive Directors, namely, Mr. Chow Siu Lui, Mr. Feng Qing and Dr. Gao Jack Qunyao. The Audit Committee is chaired by Mr. Chow Siu Lui. 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.

## CONTROLLING SHAREHOLDER’S INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in the sections headed “RENEWAL OF CONTINUING CONNECTED TRANSACTIONS – 2023 TECHNOLOGY SERVICES FRAMEWORK AGREEMENT”, “DIRECTORS’ MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS AND CONTROLLING SHAREHOLDER’S INTERESTS IN CONTRACTS” and “CONTINUING CONNECTED TRANSACTIONS (“CCTs”)” in the annual report of the Company for the year ended December 31, 2022, there were no contracts of significance (whether for the provision of services to the Group or not) between the Company or any of its subsidiaries, and any of its controlling Shareholders (as defined in the GEM Listing Rules) or its subsidiaries at the end of the Six-Month Period or at any time 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, cancelled and lapsed.

All options granted under the 2014 Share Option Scheme had lapsed. As at each of January 1, 2023 and June 30, 2023, the number of Shares in respect of which options had been granted and remained outstanding under the 2014 Share Option Scheme was Nil, representing Nil% of the Company’s issued share capital as at that date.



As at each of January 1, 2023 and June 30, 2023, the total number of Shares still available for grant under the 2014 Share Option Scheme was 313,309,485 Shares, representing approximately 2.7% of the Company's issued share capital as at that date.

## SHARE AWARD SCHEME

During the Six-Month Period, 42,100,000 award Shares were granted to 39 eligible persons under the Share Award Scheme. The award Shares granted were not subject to performance targets but were subject to clawback mechanism, whereby the award Shares will be cancelled upon the occurrence of certain events including but not limited to cessation of a grantee's employment or service by the Company for cause, and perform any act that may confer a competitive benefit or advantage upon any competitor of the Group. During the Six-Month Period, 10,331,000 award Shares were vested in the grantees and 13,800,000 award Shares were forfeited.

Under the Share Award Scheme, the Board shall not make any further award which will result in the aggregate number of Shares underlying all grants (including grants to connected persons of the Company) made pursuant to the Share Award Scheme (excluding award Shares that have been forfeited or lapsed in accordance with the Share Award Scheme) to exceed 6% of the total number of issued Shares as at the Adoption Date (i.e. 630,852,526 Shares) (the "**Award Scheme Limit**") without Shareholders' approval.

During the Six-Month Period, 5,208,000 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, and subject to the Award Scheme Limit and the requirement to maintain a minimum public float of not less than 25% of the total issued Shares under the GEM Listing Rules, 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.

As at January 1, 2023 and June 30, 2023, the total number of award Shares still available for grant under the Share Award Scheme was 383,083,526 Shares and 354,783,526 Shares, representing approximately 3.28% and 3.04% of the Company's issued share capital as at that date respectively.

Set out below is a table summarizing the movements of the award Shares under the Share Award Scheme during the Six-Month Period:

Grantee name/categories	Date of grant during the Six-Month Period (MM/DD/YY)	Market price of award Shares at date of grant based on closing price of Shares as at date of grant HK\$	Closing price of Shares immediately before the date of grant HK\$	Number of Shares							Closing price of Shares immediately before the vesting date during the Six-Month Period (Note 4) HK\$
				Unvested award Shares at January 1, 2023	Granted during the Six-Month Period	Vested during the Six-Month Period	Lapsed during the Six-Month Period	Forfeited during the Six-Month Period	Unvested award Shares at June 30, 2023	Vesting date/ period (MM/DD/YY - MM/DD/YY)	
<b>Directors of the Company:</b>											
Mr. Sun Ho	05/11/23	0.25	0.243	1,500,000 (Note 7)	8,000,000	1,500,000	-	-	8,000,000	04/01/24 - 04/01/27	0.255
Ms. Hu Taoye	05/11/23	0.25	0.243	192,000 (Note 8)	5,000,000	96,000	-	-	5,096,000	04/01/24 - 04/01/27	0.255
<b>Directors of subsidiaries of the Company:</b>	05/11/23	0.25	0.243	14,150,000 (Note 9)	5,200,000	2,025,000	-	950,000	16,375,000	04/01/24 - 04/01/27	0.255
<b>Employees:</b>	03/29/23 05/11/23	0.255 0.25	0.239 0.243	63,713,900 (Note 10)	11,300,000 12,600,000	6,710,000	-	12,850,000	68,053,900	07/13/23 - 04/10/27	0.254
<b>Related entities participants:</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Service providers:</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>				79,555,900	42,100,000	10,331,000	-	13,800,000	97,524,900		

**Notes:**

- Save as disclosed in the table above, no award Shares have been granted to any chief executive or substantial shareholder of the Company, or any of their respective associates (as defined in the GEM Listing Rules).
- The fair values of the award Shares at the dates of grant on March 29, 2023 and May 11, 2023 during the Six-Month Period were HK\$0.255 per Share and HK\$0.25 per Share respectively. The award Shares shall be vested over four years period and the fair values were determined based on the published closing prices of the Company's Shares at the respective grant dates. The expected dividends during the vesting period have been taken into account when assessing the fair values of these award Shares. The Group has adopted the accounting standard in accordance with HKFRS 2 – Share-based Payment.
- 13,800,000 award Shares were cancelled (including lapsed and forfeited) during the Six-Month Period with average purchase price at HK\$0.287 each paid by the Company.



4. This represents the weighted average closing price of the Shares immediately before the date on which the award Shares were vested.
5. The average purchase price per Share paid by the Company for award Shares granted during the Six-Month Period was HK\$0.287. Under the Share Award Scheme, no purchase price is required to be paid by grantees.
6. The award Shares granted shall be vested within four years from the date of grant. The grant only involves the existing Shares and therefore is not subject to the minimum vesting period requirement under Chapter 23 of the GEM Listing Rules.
7. The date of grant of these unvested award Shares is December 9, 2019.
8. The date of grant of these unvested award Shares is May 22, 2020.
9. Included in these 14,150,000 unvested award Shares were 8,000,000 unvested award Shares which were held for a new director of certain subsidiaries of the Company (the “**New Connected Person**”) who was previously an employee and became a director of certain subsidiaries of the Company during the Six-Month Period. The dates of grant of these unvested award Shares are May 17, 2019, May 22, 2020 and August 12, 2022.
10. The opening balance of these unvested award Shares of employees as at January 1, 2023 has been adjusted downwards by the 8,000,000 unvested award Shares held for the New Connected Person (as stated in Note 9 above) as the New Connected Person’s entitlement to such unvested award Shares was transferred to the category of “Directors of subsidiaries of the Company” in the above table after the New Connected Person had become a director of certain subsidiaries of the Company during the Six-Month Period. The dates of grant of these 63,713,900 unvested award Shares are May 17, 2019, December 9, 2019, May 22, 2020, December 17, 2021, August 12, 2022 and November 9, 2022.

## 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 (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 C.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 B.2.2 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. The Company considered that the performance of the chairman was already under the supervision of the entire Board (especially the independent non-executive Directors), and checks and balances existed so that the interests of the Shareholders were adequately and fairly represented;



- (c) under code provision C.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;
- (d) under code provision C.1.5 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;
- (e) under code provision E.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;



(f) under code provision E.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; and

(g) under code provision F.1.1 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.

(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, 2022 and on pages 57 to 60 of the Company’s interim report for the six months ended June 30, 2022.)



## **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.

## **CHANGES 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, the changes in information regarding the following Directors are set out below:

Mr. Chow Siu Lui is no longer a non-executive director of Renrui Human Resources Technology Holdings Limited (SEHK: 6919).

Mr. Tung Pen Hung has been appointed as a non-executive director of Alibaba Pictures Group Limited (Stock Code: 1060) since May 15, 2023.

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.

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

With effect from May 12, 2023:

- (i) Mr. Liu Zheng and Mr. Li Jie resigned as non-executive Directors; and
- (ii) Mr. Tung Pen Hung and Ms. Qin Yuehong were appointed as non-executive Directors.





## 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 Codes: 9988 (HKD Counter) and 89988 (RMB Counter));
“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 Entities”	Alipay, Alipay Singapore and Ant Bank;
“Alipay Singapore”	Alipay Singapore Holding Pte. Ltd., a company incorporated in Singapore and an indirect wholly-owned subsidiary of Ant Holdco;
“AMCM”	Autoridade Monetária de Macau (the Monetary Authority of Macao);



“Ant Bank”	Ant Bank (Macao) Limited, a joint venture company incorporated under the laws of Macau which is held as to 66.7% by two indirect wholly-owned subsidiaries of Ant Holdco and as to 33.3% by a 30%-indirectly owned associated company of the Company;
“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.), 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 of the Stock Exchange;
“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 Macao Special Administrative Region of the PRC;
“Macau Pass”	Macau Pass S.A., a company incorporated under the laws of Macau and an indirect wholly-owned subsidiary of the Company;
“Macau Pass Group”	Macau Pass Holding Ltd. (an indirect wholly-owned subsidiary of the Company) and its subsidiaries (including Macau Pass);
“MOF”	the Ministry of Finance of China;
“MOP”	Macau patacas, the lawful currency of Macau;
“MPay”	the e-wallet operated by Macau Pass;
“PRC” or “China”	the People’s Republic of China which, for the purpose of this report, refers to Mainland China only;
“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);
“Sports Lottery”	the national sports lottery of China;



“Stock Exchange” or “SEHK”	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\$1.1318 to RMB1.00, MOP1 to HK\$0.9709 and INR1 to HK\$0.095 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 8, 2023



As at the date of this report, the Board comprises (i) Mr. Sun Ho and Ms. Hu Taoye as executive Directors; (ii) Mr. Tung Pen Hung, Ms. Qin Yuehong, Mr. Ji Gang and Mr. Zou Liang as non-executive Directors; and (iii) Mr. Feng Qing, Dr. Gao Jack Qunyao and Mr. Chow Siu Lui as independent non-executive Directors.



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