



AGTech Holdings Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 8279

2022

INTERIM REPORT



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CHARACTERISTICS OF GEM

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Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

FINANCIAL HIGHLIGHTS FOR THE SIX MONTHS ENDED JUNE 30, 2022

- Revenue of the Group for the Six-Month Period amounted to approximately HK\$133.3 million (Six months ended June 30, 2021: approximately HK\$77.9 million), representing an increase of approximately 71.0% over the corresponding period in 2021. For the Six-Month Period, revenue contributions were mainly derived from lottery hardware sales, provision of lottery distribution and ancillary services in Mainland China and provision of electronic payment services in Macau. Revenue from the electronic payment and related businesses of the newly acquired wholly-owned subsidiary of the Company in Macau, Macau Pass, of approximately HK\$50.7 million, was consolidated into the Group's results with effect from March 24, 2022.
- Operating loss for the Six-Month Period was approximately HK\$68.5 million (Six months ended June 30, 2021: approximately HK\$55.0 million). Such increase in operating loss was mainly due to a combination of factors: (i) the increase in total revenue of the Group as mentioned above (offset by the related costs and expenses); (ii) a decrease in employee benefits expenses by approximately 25.9% to approximately HK\$55.5 million for the Six-Month Period despite the inclusion of the Macau Pass Group's employee benefits expenses as the Group implemented restructuring last year for costs control to maintain its competitive position; (iii) the increase in the depreciation and amortization expenses of the Group by approximately HK\$13.3 million for the Six-Month Period; and (iv) the Group recorded a net other loss of approximately HK\$6.9 million for the Six-Month Period due to the fluctuation of foreign exchange rates, as compared to a net other gain of approximately HK\$7.5 million for the six months ended June 30, 2021.
- The loss for the Six-Month Period was approximately HK\$84.9 million (Six months ended June 30, 2021: approximately HK\$43.7 million), representing an increase of approximately 94.6% over the corresponding period in 2021. A fair value loss on the convertible term loan facilities provided by the Group to its joint venture company, Paytm First Games Private Limited, of approximately HK\$26.6 million was recognized for the Six-Month Period (Six months ended June 30, 2021: approximately HK\$0.5 million), mainly due to an increase in market interest rates during the Six-Month Period.
- 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, 2022 (the “**Three-Month Period**”) and the six months ended June 30, 2022 (the “**Six-Month Period**”), together with the unaudited comparative figures for the corresponding periods in 2021 as follows:

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

For the three months and six months ended June 30, 2022

	Notes	Three months ended June 30		Six months ended June 30	
		2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue	2	97,995	57,208	133,267	77,931
Other income		2,404	2,439	3,653	11,828
Net other (losses)/gains		(15,423)	4,443	(6,915)	7,530
Employee benefits expenses		(35,009)	(29,827)	(55,466)	(74,859)
Purchases of and changes in inventories		(20,885)	(20,198)	(33,011)	(28,225)
Depreciation and amortization expenses		(18,823)	(5,261)	(23,677)	(10,416)
Other operating expenses	3	(66,113)	(19,974)	(86,341)	(38,825)
Operating loss		(55,854)	(11,170)	(68,490)	(55,036)
Loss on fair value changes of financial assets at fair value through profit or loss		(25,513)	(537)	(26,641)	(537)
Gain on fair value changes of contingent consideration payables		657	–	273	–
Net finance income		5,707	4,701	9,089	10,015
Loss before income tax		(75,003)	(7,006)	(85,769)	(45,558)
Income tax credit	4	910	2,061	829	1,907
Loss for the period	5	(74,093)	(4,945)	(84,940)	(43,651)

	Three months ended		Six months ended		
	June 30		June 30		
	2022	2021	2022	2021	
Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Other comprehensive income:					
<i>Item that will not be reclassified subsequently to profit or loss</i>					
Currency translation differences	(35,556)	7,315	(31,551)	6,624	
Other comprehensive income for the period, net of tax	(35,556)	7,315	(31,551)	6,624	
Total comprehensive income for the period	(109,649)	2,370	(116,491)	(37,027)	
(Loss)/Profit attributable to:					
Owners of the company	(74,064)	(5,451)	(85,194)	(43,584)	
Non-controlling interests	(29)	506	254	(67)	
	(74,093)	(4,945)	(84,940)	(43,651)	
Total comprehensive income attributable to:					
Owners of the company	(107,080)	1,179	(114,761)	(37,532)	
Non-controlling interests	(2,569)	1,191	(1,730)	505	
	(109,649)	2,370	(116,491)	(37,027)	
Loss per share					
Basic	6	(HK0.65 cent)	(HK0.05 cent)	(HK0.74 cent)	(HK0.38 cent)
Diluted	6	(HK0.65 cent)	(HK0.05 cent)	(HK0.74 cent)	(HK0.38 cent)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*As at June 30, 2022*

		Unaudited	Audited
		As at	As at
		June 30,	December 31,
		2022	2021
<i>Notes</i>		HK\$'000	HK\$'000
Non-current assets			
		17,298	4,293
		53,305	28,135
		35,166	36,696
		1,522,024	1,134,494
		368,162	1,742
		6,708	5,791
		–	–
		92,114	84,698
	<i>10</i>	18,548	14,895
		2,113,325	1,310,744
Current assets			
		34,043	22,380
	<i>7</i>	17,281	12,403
		862,450	98,003
	<i>8</i>	3,013,991	1,638,143
		3,927,765	1,770,929
Total assets		6,041,090	3,081,673

		Unaudited As at June 30, 2022 HK\$'000	Audited As at December 31, 2021 <i>HK\$'000</i>
Current liabilities			
Trade payables	9	42,977	25,540
Accruals and other payables		1,257,714	95,476
Floats balance due to card or account holders		1,729,562	–
Contract liabilities		30,645	9,056
Card deposits due to cardholders		15,250	–
Current income tax liabilities		294	268
Contingent consideration payables		71,564	–
Lease liabilities		17,179	14,792
		3,165,185	145,132
Non-current liabilities			
Deferred income tax liabilities		45,564	4,907
Provision for warranties		31,892	29,775
Accruals and other payables		217	323
Lease liabilities		38,165	15,396
		115,838	50,401
Total liabilities		3,281,023	195,533
Net assets		2,760,067	2,886,140
Equity			
Share capital		23,344	23,344
Reserves attributable to owners of the Company		2,688,922	2,813,265
		2,712,266	2,836,609
Non-controlling interests		47,801	49,531
Total equity		2,760,067	2,886,140

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 HK\$'000	Share premium HK\$'000	Shares held for share award scheme HK\$'000	Share awards reserve HK\$'000	Statutory reserve HK\$'000	Exchange reserve HK\$'000	Contributed surplus HK\$'000	Property revaluation reserve HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Subtotal HK\$'000	HK\$'000	HK\$'000	
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)	
Total comprehensive income for the period	-	-	-	-	-	(29,567)	-	-	-	(85,194)	(114,761)	(1,730)	(116,491)	
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	-	-	-	-	-	-	-	-	210	-	210	-	210	
- Employee share-based compensation	-	-	-	-	-	-	-	-	-	-	-	-	-	
- Employee share-based compensation recharge	-	-	-	-	-	-	-	-	(328)	-	(328)	-	(328)	
Balance at June 30, 2022	23,344	3,398,479	(122,488)	18,638	27,833	92,826	47,191	14,402	44,199	(832,158)	2,712,266	47,801	2,760,067	
Balance at January 1, 2021	23,344	3,395,298	(122,981)	39,979	26,756	108,924	47,191	14,402	45,081	(682,254)	2,895,740	47,574	2,943,314	
Loss for the period	-	-	-	-	-	-	-	-	-	(43,584)	(43,584)	(67)	(43,651)	
Other comprehensive income for the period	-	-	-	-	-	6,052	-	-	-	-	6,052	572	6,624	
Total comprehensive income for the period	-	-	-	-	-	6,052	-	-	-	(43,584)	(37,532)	505	(37,027)	
Recognition of equity settled share-based payments	-	-	-	12,330	-	-	-	-	-	-	12,330	-	12,330	
Purchase of shares under share award scheme	-	-	(561)	-	-	-	-	-	-	-	(561)	-	(561)	
Transfer of shares upon vesting of share awards under share award scheme	-	2,646	19,320	(21,966)	-	-	-	-	-	-	-	-	-	
Transactions with a shareholder	-	-	-	-	-	-	-	-	314	-	314	-	314	
- Employee share-based compensation	-	-	-	-	-	-	-	-	-	-	-	-	-	
- Employee share-based compensation recharge	-	-	-	-	-	-	-	-	(794)	-	(794)	-	(794)	
Balance at June 30, 2021	23,344	3,397,944	(104,222)	30,343	26,756	114,976	47,191	14,402	44,601	(725,838)	2,869,497	48,079	2,917,576	

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the Six-Month Period

		Six months ended	
		June 30,	
		2022	2021
	<i>Note</i>	HK\$'000	<i>HK\$'000</i>
Net cash generated from/(used in) operating activities		1,717,595	(114,649)
Net cash (used in)/generated from investing activities		(146,016)	113,347
Net cash used in financing activities		(17,846)	(13,056)
Net increase/(decrease) in cash and cash equivalents		1,553,733	(14,358)
Cash and cash equivalents at the beginning of the period		1,088,450	237,380
Effect of foreign exchange rate changes		(2,284)	(2,308)
Cash and cash equivalents at the end of the period	8	2,639,899	220,714

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, 2021, 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, 2022.

HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (the “**new and revised HKFRS**”). The adoption of new or revised HKFRS that are first effective for the current accounting period does not have a material impact to the Group’s results of operations or financial position. The Group has not early adopted the new and revised HKFRS that have been issued but are not yet effective, as the Group is in the process of assessing the impact of these new and revised HKFRS on the financial performance and financial position of the Group.

2. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable from lottery hardware 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), games and entertainment and marketing technical services, 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,	
	2022	2021	2022	2021
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Lottery				
(i) Lottery hardware sales	37,822	33,393	53,557	39,726
(ii) Lottery distribution through physical channels and ancillary services	11,865	11,682	24,245	19,352
(iii) Lottery games and systems	–	–	–	67
Electronic payment				
(i) Provision of payment card services and ancillary services	20,365	–	21,501	–
(ii) Provision of e-wallet services	7,513	–	8,178	–
(iii) Provision of acquiring services for other payment platforms	18,339	–	19,893	–
Games and entertainment and marketing technical services	440	6,851	1,470	10,131
Non-lottery hardware sales	33	5,282	2,291	8,655
Subtotal	96,377	57,208	131,135	77,931
Lease income of lottery hardware, payment terminals and equipment	1,618	–	2,132	–
Total	97,995	57,208	133,267	77,931

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. On March 24, 2022, the Group acquired the business engaging in the provision of payment card services, e-wallet services, acquiring services, as well as sales and leasing of card reader and scanner payment terminals in Macau by acquisition of Macau Pass Group (as detailed in note 11), and it is considered as a new operating and reportable segment by the CODM. In light of the businesses acquired on March 24, 2022, the Group reorganized its internal reporting structure which resulted in changes to 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 revised presentation of the operating segment information better 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. Prior period segment disclosures have been represented to conform with the current period’s presentation.

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 service providers; sales 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 and contingent consideration payables, unallocated other income and unallocated expenses (the **"Adjusted EBITDA"**). Unallocated expenses mainly includes corporate and head office expenses. This is the measure reported to the CODM for the purposes 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	
	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue						
Recognized at a point in time	81,531	77,931	46,650	–	128,181	77,931
Recognized over time	–	–	2,954	–	2,954	–
Lease income of lottery hardware, payment terminals and equipment	827	–	1,305	–	2,132	–
Total revenue	82,358	77,931	50,909	–	133,267	77,931
Adjusted EBITDA	777	(11,901)	(12,626)	–	(11,849)	(11,901)
Net finance income					9,089	10,015
Depreciation and amortization expenses					(23,677)	(10,416)
Net other (losses)/gains					(6,915)	7,530
Loss on fair value changes of financial assets					(26,641)	(537)
Gain on fair value changes of contingent consideration payables					273	–
Unallocated other income					1,799	1,785
Unallocated expenses					(27,848)	(42,034)
Loss before income tax					(85,769)	(45,558)

(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 June 30, 2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	As at June 30, 2022 (unaudited) HK\$'000	As at December 31, 2021 (audited) HK\$'000
Mainland China	82,358	68,724	1,175,579	1,213,689
Macau	50,909	–	832,916	–
Hong Kong	–	–	6,008	6,566
Others	–	9,207	–	–
	133,267	77,931	2,014,503	1,220,255

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

3. OTHER OPERATING EXPENSES

	Six months ended	
	June 30,	
	2022	2021
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Marketing and distribution expenses	38,182	13,141
Transaction service fees	15,753	–
Handling fees (for stored value top-up services)	7,034	–
Technology service fees	629	3,400
Provision for warranties	4,442	3,105
Legal and professional fees	4,152	3,366
Management and administrative service fees from fellow subsidiaries	2,687	4,442
Rent, rates & property management fees	1,791	2,038
Telecommunication and postage	1,507	102
Repair and maintenance	739	172
Office expenses	1,351	1,394
Travel and transportation expenses	1,472	2,116
Auditor's remuneration	900	750
Others	5,702	4,799
	86,341	38,825

4. INCOME TAX CREDIT

Income tax credit for the Three-Month Period and the Six-Month Period represent PRC Enterprise Income Tax and deferred income tax.

5. LOSS FOR THE PERIOD

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2022	2021	2022	2021
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Share-based payments	1,281	6,279	4,098	12,644
Bank interest income	(5,833)	(4,389)	(9,383)	(9,349)

6. LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the unaudited loss attributable to owners of the Company for the Three-Month Period of approximately HK\$74,064,000 and unaudited loss attributable to owners of the Company for the Six-Month Period of approximately HK\$85,194,000 (for the three months and six months ended June 30, 2021: loss of approximately HK\$5,451,000 and HK\$43,584,000 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, 2021: approximately 11,672,342,000 shares) and excluding the weighted average number of shares held for share award scheme of approximately 225,855,000 shares and 227,074,000 shares respectively (for the three months and six months ended June 30, 2021: approximately 143,011,000 shares and 156,174,000 shares respectively).

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has 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 options and share awards.

For the Three-Month Period and Six-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, 2021, the computation of the diluted loss per share does not assume the vesting of the outstanding share awards, as they would decrease the diluted loss per share.

7. TRADE RECEIVABLES

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

	As at June 30, 2022 (unaudited) HK\$'000	As at December 31, 2021 (audited) HK\$'000
0 to 30 days	16,026	11,122
31 to 60 days	93	1,056
61 to 90 days	795	145
91 to 120 days	126	–
121 to 365 days	241	39
Over 365 days	–	41
	17,281	12,403

8. CASH AND BANK BALANCES

	As at June 30, 2022 (unaudited) HK\$'000	As at December 31, 2021 (audited) HK\$'000
Cash and cash equivalents	2,639,899	1,088,450
Fixed deposits held at bank with original maturity over three months	368,809	538,076
Restricted cash	5,283	11,617
	3,013,991	1,638,143

9. TRADE PAYABLES

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

	As at June 30, 2022 (unaudited) HK\$'000	As at December 31, 2021 (audited) HK\$'000
0 to 30 days	38,146	24,544
31 to 60 days	793	61
61 to 90 days	81	–
91 to 120 days	281	175
121 to 365 days	1,668	–
Over 365 days	2,008	760
	42,977	25,540

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at June 30, 2022, financial assets at fair value through profit or loss in the sum of approximately HK\$92.1 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, Paytm First Games Private Limited (the “JV”). A fair value loss of such financial assets of approximately HK\$26.6 million was recognized for the Six-Month Period (Six months ended June 30, 2021: approximately HK\$0.5 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.

	Convertible term loans (unaudited) <i>HK\$'000</i>
Issue of convertible term loans during the six months ended June 30, 2021	68,769
Loss on fair value changes	(537)
At June 30, 2021	68,232
At January 1, 2022	84,698
Issue of convertible term loans during the Six-Month Period	34,057
Loss on fair value changes	(26,641)
At June 30, 2022	92,114

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 HK\$'000	Valuation Technique	Unobservable inputs	Range (Weighted average)	Relationship of unobservable inputs to fair value
Convertible term loans	92,114 (December 31, 2021: 84,698)	Discounted cash flow	Discount rate	21.55% to 21.75% (December 31, 2021: 14.93% to 15.03%)	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.

11. BUSINESS COMBINATION

On March 24, 2022, the Group completed the acquisition of 100% equity interest in the Macau Pass Group. The results of the Macau Pass Group have been consolidated into the Group since then. The Macau Pass Group are principally engaged in (i) the provision of payment card services via “Macau Pass Cards” and ancillary card services; (ii) the provision of e-wallet services known as “MPay”; (iii) the provision of acquiring services for other payment service providers; and (iv) sales and leasing of payment terminals and equipment in Macau.

Acquisition-related costs amounting to approximately HK\$9,750,000 have been excluded from the consideration transferred and have been recognized directly as an expense in the year ended December 31, 2021 within the “other operating expenses” line item in the consolidated statement of profit or loss and other comprehensive income of the Group.

Considerations transferred and to be transferred:

	(unaudited)
	Note HK\$'000
Cash consideration	
– Initial consideration paid	700,200
– Deferred consideration	(i) 77,800
Total consideration	778,000
Less: Fair value change of deferred consideration	(5,963)
Fair value of the consideration	772,037

(i) Deferred consideration

Subject to the downward adjustment mechanism and the fulfillment of the payment conditions, an amount equal to HK\$77,800,000 (or the balance thereof after the adjustment(s), if any) shall be paid to the sellers on the date falling on the first anniversary after March 24, 2022 (or the next Business Day if such anniversary falls on a non-business day). For details, please refer to the circular of the Company dated October 29, 2021.

Assets acquired and liabilities recognized at the date of acquisition (i.e. the date of completion of such acquisition on March 24, 2022) are as follows:

	(unaudited) HK\$'000
Property, plant and equipment	13,461
Right-of-use assets	2,598
Other intangible assets	31,443
Deferred income tax assets	932
Inventories	2,604
Trade and other receivables	71,740
Cash and bank balances	423,066
Trade and other payables	(102,465)
Floats balance due to card or account holders	(371,608)
Contract liabilities	(5,892)
Card deposits due to cardholders	(15,329)
Lease liabilities	(2,665)
Net identifiable assets acquired	47,885
Goodwill arising on acquisition:	
Fair value of the consideration	772,037
Less: Net identifiable assets acquired	(47,885)
Fair value adjustments on	
– Customer Relationship – Bus Companies	(106,428)
– Business Relationship – Acquiring Services	(6,895)
– Brand Names	(232,958)
Recognition of deferred tax liabilities arising from the fair value adjustments	41,554
Goodwill	419,425
Net cash outflow arising on acquisition:	
Consideration paid in cash	700,200
Less: cash and cash equivalents acquired	(423,047)
	277,153

The goodwill is attributable to the expected synergies to the Group's existing businesses, particularly for the mobile games and entertainment and supply of non-lottery hardware businesses, as well as broadening the revenue base of the Group through integrations along the value chain. None of the goodwill is expected to be deductible for tax purposes.

Included in the loss for the period and revenue of the Group are approximately HK\$23,137,000 and HK\$50,701,000 attributable to the Macau Pass Group respectively. Had the Acquisition been effected on January 1, 2022, the total amount of revenue of the Group for the period would have been approximately HK\$188,659,000, and the amount of loss for the period would have been approximately HK\$109,000,000. The aforesaid pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2022, nor is it intended to be a projection of future results.

12. RELATED PARTY TRANSACTIONS

(a) Sales of services

	Six months ended	
	June 30,	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Revenue of games and entertainment business from fellow subsidiaries	19	29
Revenue of games and entertainment business from a joint venture	–	9,207
Revenue of non-lottery hardware business from a fellow subsidiary	2,478	1,428
Revenue of electronic payment business from a fellow subsidiary	2,380	–
Recharge for technical services to a joint venture	–	212
Recharge for rental services to a joint venture	391	2,938

(b) Purchases of goods and services

	Six months ended	
	June 30,	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Recharge for operation of lottery distribution from fellow subsidiaries	2,092	1,517
Purchase of marketing services for lottery distribution business from a fellow subsidiary	21	46
Recharge of service fees for electronic payment business from fellow subsidiaries	7,290	–
Purchase of technology services from fellow subsidiaries	826	1,341
Recharge for rental services from a fellow subsidiary	10	8
Recharge for management and administrative services from fellow subsidiaries	2,921	4,442

(c) Key management compensation

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

	Six months ended	
	June 30,	
	2022	2021
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Short-term employee benefits	3,454	3,393
Share-based payments	347	1,162
Post-employment benefits	99	99
	3,900	4,654

(d) Loan to related parties

	As at	As at
	June 30,	December 31,
	2022	2021
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Loan to an associate, net of loss allowance	43,036	32,595
Loan to an officer	1,775	1,999
Convertible term loans to a joint venture (Note 10)	92,114	84,698

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

	As at	As at
	June 30,	December 31,
	2022	2021
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Amounts due from fellow subsidiaries	3,214	1,941
Amount due from a joint venture	24,731	24,272
Amounts due to fellow subsidiaries	(55,080)	(50,973)

DIVIDEND

The Board does not recommend the payment of an interim dividend for the Six-Month Period (2021: 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, mobile games and entertainment and marketing technical services 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) Games and entertainment and marketing technical services; and
- (iv) Non-lottery hardware supply (including sales and leasing).

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

CORPORATE STRATEGY AND OBJECTIVES

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

As the exclusive lottery platform of Alibaba Group and Ant Group, lottery technology and services will continue to be AGTech's domain expertise. The Group continues to leverage its lottery industry experience and innovation to support lottery authorities in areas including 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, advertising or marketing technical services and expanding its presence beyond Macau.

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

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

INDUSTRY OVERVIEW

Lottery

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

According to MOF figures*, PRC lottery sales for the Six-Month Period amounted to approximately RMB182 billion, representing an increase of approximately 2% over the corresponding period in 2021. Of this, Welfare Lottery amounted to approximately RMB74.8 billion, representing an increase of approximately 10.6% compared to the corresponding period in 2021. Sports Lottery achieved sales of approximately RMB107.2 billion, representing a decrease of approximately 3.2% compared to the corresponding period in 2021.

* Source: Ministry of Finance of the PRC

The Macau Electronic Payment Market

In 2021, Macau was gradually recovering from the COVID-19 pandemic and reopening to the world. According to the Statistics and Census Bureau of the Macau SAR government, a total of approximately 7.7 million tourists entered Macau in 2021, representing an increase of approximately 30.7% over 2020, of which approximately 7 million tourists were from Mainland China, representing an increase of approximately 48.2% over 2020. However, there was an outbreak of COVID-19 in major Mainland Chinese cities throughout March to May 2022, in addition to Macau's latest outbreak since late June 2022 which subsequently led to a temporary shutdown of all non-essential businesses in July 2022. Mainland Chinese visitor arrivals from April to June 2022 totaled approximately 1.4 million, down about 29.4% as compared to the same period in 2021, and as a result the number of visitors and their spendings in Macau might be adversely affected in the third quarter this year. With Macau's tourism dependent economy, the electronic payment market, which is mainly based upon on retail and food and beverage consumption, will be directly impacted by the COVID-19 situation.

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 65.49 million in 2020 to approximately 193 million in 2021, representing a year-over-year increase of approximately 195%. Such number of mobile payment transactions further increased by approximately 12.1% over the previous quarter to approximately 63.72 million for the first quarter of 2022. In addition, the total transaction value rose from approximately MOP6.32 billion in 2020 to approximately MOP18.52 billion in 2021, representing a year-over-year increase of approximately 193%. The total transaction value further increased by approximately 3.0% over the previous quarter to approximately MOP5.9 billion for the first quarter of 2022.

In 2021, the Government of Macau further facilitated the promotion of electronic payment by launching the “Simple Pay” service, 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. As of March 2022, over 90% of merchants in Macau have upgraded to the Simple Pay system. Total number of payment terminals and QR codes supporting mobile payments in Macau further increased by approximately 1.9% over the previous quarter to approximately 93,000 as at March 31, 2022.

Furthermore, in order to stimulate domestic demand and ease financial pressure faced by local residents and businesses, the Government of Macau has launched the third round of “Electronic Consumption Benefits Plan” which will run 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’s support for electronic payment has contributed to the digital transformation of Macau and the development of Macau’s electronic payment market.

* Source: AMCM

Games and Entertainment and Marketing Technical Services

China’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 consumers.

According to the latest statistical report on China’s internet development released by the China Internet Network Information Center (CNNIC)*, there were over 1 billion internet users in China as of December 2021, with internet penetration rate reaching 73% of the population. Banks processed 74.6 billion online payment transactions amounting to RMB1,745.9 trillion in the first three quarters of 2021, up 17.3% and 10.5% year-over-year respectively. Online retail sales reached RMB13.1 trillion in 2021, a year-over-year increase of 14.1%.

Integrated digital infrastructure has enabled cashless transactions and shopping platforms into a unique customer experience, and this acceleration has created opportunities in the digital marketing space.

* Source: CNNIC: “The 49th Statistical Report on China’s Internet Development (February 2022)”

BUSINESS REVIEW

Hardware

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

The Group primarily supplies to Sports Lottery and has hardware deployed in multiple provinces, cities, municipalities and autonomous regions across China. The Group is one of the leading suppliers in China of lottery terminals. 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 Guangxi Zhuang Autonomous Region, Yunnan province, Sichuan province, Jiangsu province, Hainan province, Hubei province and Mongolia Autonomous Region of the PRC. The Group will continue to pursue tenders to supply to the lottery and other hardware markets.

Lottery Distribution and Ancillary Services

Expansion of physical channels and lottery distribution

The Group currently distributes lottery (including lotto, sports lottery and instant scratch tickets) by expanding its physical lottery sales channels in China, which are mostly retail sales outlets operated by Alibaba Group. During the Six-Month Period, the Group generated revenue from the distribution of lottery through retail sales outlets, representing an increase of approximately 45% over the corresponding period in 2021. Such increase was mainly attributable to the increase in average lottery sales volume per sales outlet as a result of the Group's continuous efforts in expanding its network of collaborating retail sales outlets for lottery distribution with an increase of approximately 22% in the number of such outlets over the corresponding period in 2021.

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 lottery players and online users in China an easy access to information and resources that address various lottery needs.

The content on the lottery resources channel include displaying of certain historical and current lottery products results. Further, the channel compiles the locations of nearby lottery retail channels, paving the way for further integration of online and offline resources in the future. With the addition of sports event information and paid contents, we have been expanding our 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, thus a surge of number of active users was recorded. Through this channel, we hope to build on our online presence and maximize the value of our business partnership with Alibaba Group and Ant Group, in addition to preparation for any potential policy approval and authorization of online distribution of lottery products in the future.

Electronic Payment

The indirect wholly-owned subsidiary of the Company, Macau Pass, is a leading payment service provider in Macau and is an "other credit institution" licensed under AMCM. It is principally engaged in 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 three million MP Cards in circulation. 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 (LRT) 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 has launched a third round of "Electronic Consumption Benefits Plan" which will run 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.

Macau Pass continues to support and promote the latest round of economic aid through its three customer service centers by providing assistance to services such as registration and activation. An increase of approximately 25% on active card usage was observed during the month of launch of the third round of “Electronic Consumption Benefits Plan”.

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. 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.

In response to the latest round of economic stimulus 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 win prizes and earn loyalty points, mCoins, for redemption of merchant coupons and other exclusive offers on its platform. 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.

Games and Entertainment and Marketing Technical Services

Online non-lottery games, entertainment content, and marketing technical services

The Group is dedicated to evolving its business into a comprehensive mobile games, entertainment content and marketing technical services provider to customers around the world. The Group has been active in building its online presence and customer-base through various online channels by offering various types of proprietary non-lottery games and entertainment content.

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.

International Market

Strategic expansion in selected overseas markets

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

A joint venture company of the Group with One97 Communications Limited ("**One97**"), namely, Paytm First Games Private Limited (the "**JV**"), developed and operated its mobile games and entertainment platform, namely "Paytm First Games", in India. One97 is the owner of Paytm, which is a leading mobile payment platform in India. Paytm First Games offers players a unique online experience with popular games content such as rummy, poker, fantasy sports games, other card and board games. While the COVID-19 pandemic affected operations of many industries on a global basis, the online gaming industry in India continues to witness growth.

Over the past few years, the business has continued to grow rapidly, with revenue in 2021 increasing by approximately 199% as compared to 2020. Paytm First Games will strive to continue to grow its user base, further monetizing this unique platform and capitalizing on the significant potential of the fast-growing mobile games and entertainment market in India.

(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 small and medium-sized enterprises (“**SMEs**”) of Macau. The chairman and CEO of the Company, Mr. Sun Ho, and the non-executive Director, Mr. Ji Gang, are also directors of the Ant Bank.

In September 2019, 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

The Group will proactively transform and build on our leading position within the Chinese lottery industry. As the exclusive lottery business platform of Alibaba Group and Ant Group, we expect to further align and benefit from synergies created through cooperation with Alibaba Group and Ant Group.

Our continuing efforts to partner with additional provincial lottery authorities of China in areas such as technology and business innovation, channel expansion and distribution, smart hardware terminals, data services, and other value added ancillary services are all part of our lottery initiatives. Transformation towards digitalization will continue, as our lottery solutions will enhance synergy and create value to all segments of the lottery industry chain. 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, we 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 our lottery resources channel, we will continue to customize features to improve on user experience and engagement, with an eye towards the upcoming FIFA World Cup in 2022. The Group will continue to leverage and explore opportunities for collaboration with Alibaba Group's retail ecosystem to enhance on lottery distribution models, and make efforts to provide high-quality payment channels for offline lottery channels to help improve the service capacity of lottery institutions. We believe that the integration of lottery services and products through physical retail distribution channel and networks will continue to create synergy and opportunities in the future.

As Macau Pass is a leading payment service provider 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 enable 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.

Despite the COVID-19 situation in Macau, Macau Pass will continue to work closely with the Government of Macau and provide assistance to merchants and residents via the third round of "Electronic Consumption Benefits Plan", in addition to other relief measures to SMEs to ease the pandemic impact on the local economy.

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. We believe our hardware division continues to be well positioned to take advantage of such opportunities should they arise.

The Group will continue to prioritize our strategic projects, namely our joint venture investment, Paytm First Games, as well as our indirect investment, the Ant Bank. The Group will continue to dedicate our commitment and support to grow our business to further capitalize on diversification opportunities.

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

Financial Performance Review

Revenue of the Group for the Six-Month Period amounted to approximately HK\$133.3 million (Six months ended June 30, 2021: approximately HK\$77.9 million), representing an increase of approximately 71.0% over the corresponding period in 2021. For the Six-Month Period, revenue contributions were mainly derived from lottery hardware sales, provision of lottery distribution and ancillary services in Mainland China and provision of electronic payment services in Macau. The increase in revenue for the Six-Month Period was mainly caused by (i) the inclusion of revenue from the electronic payment and related businesses of the newly acquired wholly-owned subsidiary of the Company in Macau, Macau Pass, of approximately HK\$50.7 million which was consolidated into the Group's results with effect from March 24, 2022; (ii) the increases in sales of lottery hardware and revenue from the provision of lottery distribution and ancillary services by approximately HK\$13.8 million and approximately HK\$4.9 million respectively. Such increases in revenue from lottery hardware and provision of lottery distribution and ancillary services were mainly due to the Group's continuous effort in developing its lottery hardware business and expanding its network of collaboration with retail sales outlets for lottery distribution. The increases in revenue were partially offset by the decrease in revenue from the sales of non-lottery hardware by approximately HK\$6.4 million and the decrease in revenue from the games and entertainment and marketing technical services business by approximately HK\$8.7 million, primarily due to the decrease in revenue from the provision of online game contents by the Group to the JV as the JV successfully established its own research and development center in Beijing, the PRC and the Group no longer provides the JV with the technical and operational support for its fantasy sports games.

Meanwhile, AMCM has promoted financial institutions to exempt the transaction handling fees charged to small and medium enterprises for the Simple Pay system from October 1, 2021 to September 30, 2022 in order to support these enterprises during the pandemic. In response to AMCM's guidance, Macau Pass had rebated the transaction handling fees charged to small and medium enterprises of approximately HK\$16.3 million since March 24, 2022.

As a result of the aforesaid mentioned increase in sales of lottery hardware, there was a corresponding increase in purchases of and changes in inventories by approximately HK\$4.8 million to approximately HK\$33.0 million for the Six-Month Period (Six months ended June 30, 2021: approximately HK\$28.2 million). In addition, there was an increase in other operating expenses of the Group by approximately HK\$47.5 million to approximately HK\$86.3 million for the Six-Month Period (Six months ended June 30, 2021: approximately HK\$38.8 million), mainly due to the inclusion of other operating expenses of the Macau Pass Group, such as service fees paid to other payment service providers of approximately HK\$22.8 million and marketing expenses of approximately HK\$20.7 million including costs of the promotion campaigns relating to the 2022 Electronic Consumption Benefits Plan in Macau and costs incurred for e-wallet services' customer loyalty programme.

Operating loss for the Six-Month Period was approximately HK\$68.5 million (Six months ended June 30, 2021: approximately HK\$55.0 million). Such increase in operating loss was mainly due to a combination of factors: (i) the increase in total revenue (offset by the related costs and expenses) of the Group as mentioned above; (ii) the change from a foreign exchange gain of approximately HK\$7.5 million for the six months ended June 30, 2021 to a foreign exchange loss of approximately HK\$6.9 million for the Six-Month Period as a result of the depreciation of Renminbi against Hong Kong dollars during the Six-Month Period; (iii) the increase in the depreciation and amortization expenses by approximately HK\$13.3 million to approximately HK\$23.7 million for the Six-Month Period (Six months ended June 30, 2021: approximately HK\$10.4 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 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; and partially offset by the decrease in employee benefits expenses by approximately 25.9% to approximately HK\$55.5 million for the Six-Month Period despite the inclusion of the Macau Pass Group's employee benefits expenses as the Group implemented restructuring last year for costs control to maintain its competitive position (Six months ended June 30, 2021: approximately HK\$74.9 million).

The loss for the Six-Month Period was approximately HK\$84.9 million (Six months ended June 30, 2021: approximately HK\$43.7 million), representing an increase of approximately 94.6% over the corresponding period in 2021. Besides the above-mentioned increase in operating loss, such increase in loss for the Six-Month Period was caused by the fair value loss on the convertible term loan facilities provided by the Group to its 45%-owned joint venture company in India, Paytm First Games Private Limited, of approximately HK\$26.6 million for the Six-Month Period (Six months ended June 30, 2021: loss of HK\$0.5 million), mainly due to an increase in market interest rates during the Six-Month Period.

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, 2022 were approximately HK\$6,041.1 million and approximately HK\$762.6 million respectively (as at December 31, 2021: approximately HK\$3,081.7 million and approximately HK\$1,625.8 million respectively). Current liabilities of the Group as at June 30, 2022 were approximately HK\$3,165.2 million (as at December 31, 2021: approximately HK\$145.1 million). The liquidity ratio (defined as current assets divided by current liabilities) of the Group as at June 30, 2022 was approximately 1.2 (as at December 31, 2021: approximately 12.2) 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, 2022, 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, 2022 was therefore not applicable.

As at June 30, 2022, 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. 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, 2022, the Group's entity with functional currency of Hong Kong dollar had net monetary assets denominated in INR of approximately HK\$92.1 million (as at December 31, 2021: approximately HK\$84.7 million) which the related foreign exchange risk has 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, 2022, 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, other than the completion of the Group's acquisition of the Macau Pass Group on March 24, 2022 as disclosed in the announcement and the circular of the Company dated March 24, 2022 and October 29, 2021 respectively.

Employees' information and remuneration policies

As at June 30, 2022, the Group had 329 (as at June 30, 2021: 202) employees in Mainland China, Macau and Hong Kong. Total staff costs (excluding Directors' emoluments) for the Six-Month Period amounted to approximately HK\$51.6 million (for the six months ended June 30, 2021: approximately HK\$70.2 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, 2022, a sum of approximately HK\$5.3 million (as at December 31, 2021: approximately HK\$11.6 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, 2022, 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, 2022, there was no charge on the assets of the Group.

Future plans for material investments and acquisition of capital assets

As at June 30, 2022, there was no specific plan for material investments and acquisition of capital assets that is required to be disclosed pursuant to Rule 17.10 of the GEM Listing Rules and the inside information provisions under Part XIVA of the SFO.

Significant changes to financial position

Inventories of the Group amounted to approximately HK\$34.0 million as at June 30, 2022 (as at December 31, 2021: approximately HK\$22.4 million). The Group's timing for sales has been historically stronger in the second half of the year and therefore the Group will usually stock up higher in the first half of the year in anticipation for the sales in the second half of the year. Inventory turnover period increased from 69 days for the year ended December 31, 2021 to 156 days for the Six-Month Period mainly due to the increase of inventories close to the current period end to meet the demand for the committed orders for the upcoming third quarter of 2022.

Trade receivables of the Group amounted to approximately HK\$17.3 million as at June 30, 2022 (as at December 31, 2021: approximately HK\$12.4 million). Debtor turnover period increased slightly from 17 days for the year ended December 31, 2021 to 20 days for the Six-Month Period.

Goodwill of the Group increased to approximately HK\$1,522.0 million as at June 30, 2022 (as at December 31, 2021: approximately HK\$1,134.5 million), primarily due to the recognition of goodwill arising from the acquisition of the Macau Pass Group in March 2022 of approximately HK\$419.4 million and partially offset by the currency translation difference of approximately HK\$31.9 million.

Other intangible assets of the Group amounted to approximately HK\$368.2 million (as at December 31, 2021: approximately HK\$1.7 million). The increase in balance is mainly due to the recognition of identifiable intangible assets, i.e. brand name, customer and business relationships of approximately HK\$346.3 million arising from the acquisition of the Macau Pass Group in March 2022.

Financial assets at fair value through profit or loss in the sum of approximately HK\$92.1 million as at June 30, 2022 (as at December 31, 2021: approximately HK\$84.7 million) represents the convertible term loan facilities in the maximum amount of INR1,319.4 million (or approximately HK\$137.3 million) (as at December 31, 2021: approximately HK\$103.3 million) which had been provided by the Group to and fully utilized by the JV. A fair value loss of such financial assets of approximately HK\$26.6 million was recognized for the Six-Month Period (Six months ended June 30, 2021: approximately HK\$0.5 million).

Floats balance due to card or account holders represent the balances of prepayment from MP Card or account holders, and card deposits due to cardholders represent the deposits from MP Card holders.

Contingent consideration payables in relation to the acquisition of the Macau Pass Group amounted to approximately HK\$71.6 million as at June 30, 2022 (as at December 31, 2021: HK\$Nil). During the Six-Month Period, a gain of approximately HK\$0.3 million was recorded from the remeasurement of the fair value of outstanding contingent consideration payables.

The current portion of accruals and other payables increased from approximately HK\$95.5 million as at December 31, 2021 to approximately HK\$1,257.7 million as at June 30, 2022, primarily due to the consolidation of accruals and other payables of the Macau Pass Group into the financial statements of the Group. In particular, Macau Pass started to distribute the third round of funds to the registered card/MPay users in June 2022 under the 2022 Electronic Consumption Benefits Plan in Macau with outstanding balance of approximately HK\$1,091.6 million.

The current portion of other receivables, deposits and prepayments increased from approximately HK\$98.0 million as at December 31, 2021 to approximately HK\$862.5 million as at June 30, 2022, primarily due to the consolidation of the other receivables, deposits and prepayments of the Macau Pass Group into the financial statements of the Group. In particular, the balance includes the outstanding funding receivable from the Government of Macau for the 2022 Electronic Consumption Benefits Plan in 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 (the “**2020 Re-allocations**”) of the Net Proceeds that remained as at March 31, 2020 together with their reasons in the Company’s first quarterly results announcement for the three months ended March 31, 2020, and such re-allocations had been implemented since then. As disclosed in the section headed “USE OF PROCEEDS FROM THE SUBSCRIPTION” on pages 131 to 134 of the annual report of the Company for the year ended December 31, 2021, Net Proceeds in the sum of approximately HK\$222.2 million remained as at December 31, 2021.

During the Six-Month Period, approximately HK\$93.0 million in total was used by the Group for the business divisions of the Group and for investment, acquisition and general corporate purposes in the manner as set out in the table below. Net Proceeds in the sum of approximately HK\$129.2 million remained as at June 30, 2022, which were placed in the bank accounts of the Group.

Business divisions of the Group, or investment, acquisition or general corporate purposes, for which the Net Proceeds are intended to be used	Amount of Net Proceeds remained to be used as at December 31, 2021	Amount of Net Proceeds actually used during the Six-Month Period	Amount of Net Proceeds remained to be used as at June 30, 2022	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) Games and Entertainment:	approximately HK\$52.7 million (or approximately 23.7% of total remaining as at December 31, 2021)	approximately HK\$4.6 million	approximately HK\$48.1 million	The Net Proceeds were used in item (i)(c).
(a) development, operation and promotion of the Chinese card game, GuanDan, and Two-on-One Poker				No material difference from intended usage noted following the 2020 Re-allocations.
(b) development, operation and promotion of the mind sports, leisure games and entertainment				The Net Proceeds allocated to "Games and Entertainment" are expected to be used on or before December 31, 2022.
(c) research and development ("R&D") of games and entertainment content that are not subject to the applicable lottery laws and regulations in the PRC or other overseas markets				
(d) expansion and development of the Group's R&D capability in technology development for games and systems				
(e) payment of marketing fees to merchants to promote and boost online activities by online users				

Business divisions of the Group, or investment, acquisition or general corporate purposes, for which the Net Proceeds are intended to be used	Amount of Net Proceeds remained to be used as at December 31, 2021	Amount of Net Proceeds actually used during the Six-Month Period	Amount of Net Proceeds remained to be used as at June 30, 2022	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) Hardware, Lottery Games & Systems:	approximately HK\$9.4 million (or approximately 4.2% of total remaining as at December 31, 2021)	approximately HK\$9.4 million	Nil	The Net Proceeds were used in items (ii)(a), (ii)(b) and (ii)(e).
(a) operation and development of lottery hardware and terminal production				No material difference from intended usage noted following the 2020 Re-allocations.
(b) operation and development of lottery software systems				
(c) development of ancillary parts for lottery hardware and terminal production				
(d) investment for lottery games				
(e) sourcing, manufacturing, operation and development of smart hardware and ancillary equipment and provision of related after-sales maintenance services				

Business divisions of the Group, or investment, acquisition or general corporate purposes, for which the Net Proceeds are intended to be used	Amount of Net Proceeds remained to be used as at December 31, 2021	Amount of Net Proceeds actually used during the Six-Month Period	Amount of Net Proceeds remained to be used as at June 30, 2022	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)
(iii) Lottery Distribution:	approximately HK\$95.1 million (or approximately 42.8% of total remaining as at December 31, 2021)	approximately HK\$38.1 million	approximately HK\$57.0 million	The Net Proceeds were used in items (iii)(b) and (iii)(c).
(a) sales, marketing and distribution of virtual lottery games				No material difference from intended usage noted following the 2020 Re-allocations.
(b) sales, marketing and distribution of instant scratch lottery games				The Net Proceeds allocated to "Lottery Distribution" are expected to be used on or before December 31, 2022.
(c) sales, marketing and distribution of other categories of lottery games				
(d) online sales, marketing and distribution of lottery products (including but not limited to the future cooperation with Taobao and Alipay)				

Business divisions of the Group, or investment, acquisition or general corporate purposes, for which the Net Proceeds are intended to be used	Amount of Net Proceeds remained to be used as at December 31, 2021	Amount of Net Proceeds actually used during the Six-Month Period	Amount of Net Proceeds remained to be used as at June 30, 2022	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)
(iv) Investment project(s) and acquisition(s):	approximately HK\$0.9 million (or approximately 0.4% of total remaining as at December 31, 2021)	approximately HK\$0.9 million	Nil	The Net Proceeds were used in item (iv)(d).
(a) potential investment project(s) in overseas markets in areas of lottery business and games and entertainment business				No material difference from intended usage noted following the 2020 Re-allocations.
(b) potential acquisition(s) of businesses engaged in lottery business and games and entertainment business				
(c) capital investments in the Group's joint venture company established with One97 Communications Limited in India				
(d) funding provided by the Group to support business expansion and ongoing operation in overseas markets				
(v) General corporate purposes:	approximately HK\$64.1 million (or approximately 28.9% of total remaining as at December 31, 2021)	approximately HK\$40.0 million	approximately HK\$24.1 million	The Net Proceeds were used in items (v)(a) and (v)(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.
(b) general working capital of the Group				The Net Proceeds allocated to "General corporate purposes" are expected to be used on or before December 31, 2022.
Grand total:	approximately HK\$222.2 million	approximately HK\$93.0 million	approximately HK\$129.2 million	

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

As at June 30, 2022, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange, were as follows:

a. Interests in Shares/Restricted Share Units:

Name of Director	Number of Shares/restricted share units held			Approximate percentage held (Note 1)
	Personal interest	Corporate interest	Total	
Mr. Sun Ho	46,158,000 (Note 2)	2,006,250,000 (Note 3)	2,052,408,000	17.584%
Ms. Hu Taoye	384,000 (Note 4)	–	384,000	0.003%
Mr. Liu Zheng	–	–	–	0%
Mr. Li Jie (Appointed on April 28, 2022)	–	–	–	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, 2022.
2. It represents 44,658,000 Shares and 1,500,000 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 192,000 Shares and 192,000 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 issued shares of Alibaba Holding (Note 2)
		<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>	
Ms. Hu Taoye	(Note 3)	17,920	143,360	0.001%
Mr. Liu Zheng	(Note 4)	22,382	179,056	0.001%
Mr. Li Jie (Appointed on April 28, 2022)	(Note 5)	81,347	650,776	0.003%
Mr. Ji Gang	(Note 6)	10,235	81,880	negligible
Mr. Zou Liang	(Note 7)	2,540	20,320	negligible

Notes:

1. One ADS of Alibaba Holding represents eight ordinary shares of Alibaba Holding; and one restricted share unit (“**RSU(s)**”) of Alibaba Holding represents one ADS of Alibaba Holding.
2. Based on a total of 21,528,618,024 ordinary shares of Alibaba Holding in issue as at June 30, 2022.
3. The interest comprised 15,170 ADSs of Alibaba Holding and 2,750 RSUs of Alibaba Holding beneficially held by Ms. Hu Taoye.
4. The interest comprised 11,882 ADSs of Alibaba Holding and 10,500 RSUs of Alibaba Holding beneficially held by Mr. Liu Zheng.
5. The interest comprised 55,995 ADSs of Alibaba Holding and 25,352 RSUs of Alibaba Holding beneficially held by Mr. Li Jie.
6. The interest comprised 7,039 ADSs of Alibaba Holding and 3,196 RSUs of Alibaba Holding beneficially held by Mr. Ji Gang.
7. The interest comprised 1,505 ADSs of Alibaba Holding and 1,035 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	(Note 2)	90,000	negligible
Mr. Li Jie	(Note 3)	45,280,836	0.17%

Notes:

1. Based on a total of 26,975,740,156 ordinary shares of Ali Pictures in issue as at June 30, 2022.
2. The interest comprised 90,000 ordinary shares of Ali Pictures beneficially held by Mr. Zou Liang.
3. The interest comprised 4,118,336 ordinary shares, 30,625,000 share options and 10,537,500 awarded shares of Ali Pictures beneficially held by Mr. Li Jie.

d. Long positions in shares and underlying shares of Cainiao Smart Logistics Network Limited (“Cainiao”), an associated corporation of the Company within the meaning of Part XV of the SFO:

Name of Director	Capacity	Number of relevant class of shares/ underlying shares of Cainiao held		Approximate percentage of total issued share capital of Cainiao
		(class A ordinary shares)	(class B ordinary shares)	(Note)
Mr. Liu Zheng	Beneficial Owner	5,460,000	5,900,000	0.07%

Note: As at June 30, 2022, the issued share capital of Cainiao was made up of 15,212,555,296 ordinary shares, 457,184,128 class A ordinary shares and 138,762,284 class B ordinary shares; Mr. Liu Zheng was interested in 5,460,000 class A ordinary shares and 5,900,000 class B ordinary shares, representing approximately 1.19% and 4.25% of the relevant class of shares in issue of Cainiao respectively, and was not interested in any other ordinary shares in issue of Cainiao.

Save as disclosed above, as at June 30, 2022, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at June 30, 2022, so far as was known to the Directors or chief executive of the Company, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares, underlying Shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, were directly or indirectly interested in 5% or more of the issued voting shares of any other member of the Group or held any option in respect of such shares and recorded in the register kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Capacity	Number of Shares Held	Approximate Percentage of Issued share Capital of the Company (Note 1)
Ali Fortune (Note 2)	Beneficial owner	6,502,723,993	55.71%
Alibaba Investment Limited (Note 2)	Interest of controlled corporation	6,502,723,993 (Note 8)	55.71%
API Holdings Limited (Note 2)	Interest of controlled corporation	6,502,723,993 (Note 8)	55.71%
Alibaba Holding (Note 3)	Interest of controlled corporation	6,502,723,993 (Note 8)	55.71%
API (Hong Kong) Investment Limited (Note 4)	Interest of controlled corporation	6,502,723,993 (Note 8)	55.71%
Shanghai Yunju Venture Capital Investment Co., Ltd. (formerly known as Shanghai Yunju Investment Management Co., Ltd.) (Note 5)	Interest of controlled corporation	6,502,723,993 (Note 8)	55.71%
Ant Holdco (Note 6)	Interest of controlled corporation	6,502,723,993 (Note 8)	55.71%
Hangzhou Yunbo Investment Consultancy Co., Ltd. (Note 7)	Interest of controlled corporation	6,502,723,993 (Note 8)	55.71%
Mr. Ma Yun (Note 7)	Interest of controlled corporation	6,502,723,993 (Note 8)	55.71%
Mr. Jing Eric Xiandong (Note 7)	Interest of controlled corporation	6,502,723,993 (Note 8)	55.71%
Ms. Jiang Fang (Note 7)	Interest of controlled corporation	6,502,723,993 (Note 8)	55.71%
Mr. Hu Simon Xiaoming (Note 7)	Interest of controlled corporation	6,502,723,993 (Note 8)	55.71%
MAXPROFIT GLOBAL INC (Note 9)	Beneficial owner	2,006,250,000	17.19%
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, 2022.
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**”) together hold more than 50% of Ant Holdco’s total issued shares.
7. Hangzhou Yunbo Investment Consultancy Co., Ltd. (“**Yunbo**”) is the general partner of both Junhan and Junao, and is owned as to 34%, 22%, 22% and 22% by Mr. Ma Yun, Mr. Jing Eric Xiandong, Ms. Jiang Fang, and Mr. Hu Simon Xiaoming respectively. Pursuant to an agreement (the “**Concert Party Agreement**”) dated August 21, 2020 and entered into between Mr. Ma Yun, Mr. Jing Eric Xiandong, Ms. Jiang Fang, and Mr. Hu Simon Xiaoming, they have agreed on certain arrangements pertaining to their shareholdings in Yunbo. Pursuant to the SFO, since each of Mr. Ma Yun, Mr. Jing Eric Xiandong, Ms. Jiang Fang, and Mr. Hu Simon Xiaoming is a party to the Concert Party Agreement, each of them is deemed to be interested in the Shares in which the other parties to the Concert Party Agreement are interested.
8. Each of AIL, Alibaba Holding, API Holdings, API (Hong Kong) Investment Limited, Shanghai Yunju, Ant Holdco, Junhan, Junao, Yunbo, Mr. Ma Yun, Mr. Jing Eric Xiandong, Ms. Jiang Fang, and Mr. Hu Simon Xiaoming are taken to be interested in an aggregate of 6,502,723,993 Shares by virtue of Part XV of the SFO.
9. As disclosed in the section headed “DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES” above, Mr. Sun Ho was deemed to be interested in these 2,006,250,000 Shares under the SFO by virtue of his interest in MAXPROFIT GLOBAL INC.
10. Rainwood Resources Limited is wholly-owned by Mr. Cheung Lup Kwan Vitor. 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, 2022, 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, 2022, 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 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 Shareholder 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 “DIRECTORS’ MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS AND CONTROLLING SHAREHOLDER’S INTERESTS IN CONTRACTS”, “NEW CCTS WITH EFFECT FROM JANUARY 1, 2022” and “CONTINUING CONNECTED TRANSACTIONS” in the annual report of the Company for the year ended December 31, 2021 and save for the Framework Agreement dated September 10, 2021 entered into between the Company and the Alipay Entities, details of which are disclosed in the Company’s circular dated October 29, 2021, there were no contracts of significance (whether for the provision of services to the Group or not) to which the Company, any of its subsidiaries and the controlling shareholders (as defined in the GEM Listing Rules) or any of its subsidiaries was a party, at the end of the Six-Month Period or at any time during the Six-Month Period.

CONTINUING CONNECTED TRANSACTIONS (“CCTs”)

Apart from the CCTs disclosed in the section headed “NEW CCTS WITH EFFECT FROM JANUARY 1, 2022” on pages 129 to 131 of the annual report of the Company for the year ended December 31, 2021, the Group also engaged in the below new CCTs during the Six-Month Period, details of which were disclosed in compliance with the requirements of Chapter 20 of the GEM Listing Rules.

Pursuant to Rule 20.07(2) of the GEM Listing Rules, a person who was a director of the Group in the last 12 months shall be regarded as a “connected person” of the Company. Accordingly, the past directors of Macau Pass until their resignation as such on March 24, 2022 (the “**Past Directors**”) and their respective associates (collectively, the “**Past Directors Group**”, including but not limited to Transportes Urbanos de Macau, S.A.R.L. (“**TRANSMAC**”) and Macao Clever Catering Management Company Limited (“**MCC**”), each of which is controlled as to over 30% by some of the Past Directors and is therefore an associate of such Past Directors) are regarded as connected persons of the Company until March 23, 2023, and any continuing transactions between the Macau Pass Group (including Macau Pass) and the Past Directors Group (the “**Past Directors Transactions**”) constitute CCTs for the Company until March 23, 2023.

It is anticipated that the transaction amounts of the Past Directors Transactions will exceed the de minimis threshold if the Group continues to conduct those transactions pursuant to the existing agreements. Therefore, the Past Directors Transactions will be subject to annual review and disclosure requirements and the Company has set annual caps for such transactions pursuant to Chapter 20 of the GEM Listing Rules.

As (i) the Past Directors Transactions are CCTs between the Group and connected persons at the subsidiary level of the Company (i.e. the Past Directors Group) on normal commercial terms, (ii) the Board (including the independent non-executive Directors) has approved the Past Directors Transactions, and (iii) the independent non-executive Directors have confirmed that the terms of the Past Directors Transactions are fair and reasonable, on normal commercial terms or better and in the interest of the Company and its shareholders as a whole, the Past Directors Transactions are only subject to the reporting and announcement requirements, but are exempt from the circular, independent financial advice and shareholders’ approval requirements pursuant to Rule 20.99 of the GEM Listing Rules.

The Macau Pass Group has a longstanding business relationship with the Past Directors Group. The Past Directors Transactions form part of the Macau Pass Group’s ordinary and important business activities, which will allow the Macau Pass Group to capitalise on its industry experience and expertise and will continue to generate stable revenue.

Details of the Past Directors Transactions are set out below:

(a) Transactions with TRANSMAC (the “TRANSMAC Transactions”)

Macau Pass (an indirect wholly-owned subsidiary of the Company) and TRANSMAC (a member of the Past Directors Group) entered into an agreement (the “**Fare Collection System Services Agreement**”) on November 1, 2020 (as amended and supplemented by an agreement dated December 1, 2020) in relation to the leasing of fare collection machines and the provision of fare collection and clearing services and ancillary services for the electronic fare collection system (collectively, the “**Fare Collection System Services**”).

The term of the Fare Collection System Services Agreement commenced from November 1, 2020 and is renewable automatically for one year upon expiry of each one-year term until December 31, 2026 on which day the Fare Collection System Services Agreement will be terminated automatically, unless either party serves a notice for termination of such agreement at least six months prior to the expiry of each one-year term. The Board wishes to reiterate that TRANSMAC will cease to be a connected person of the Company after March 23, 2023 and the TRANSMAC Transactions will not be subject to any disclosure and/or shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules after such date.

The rental fee payable by TRANSMAC to Macau Pass for leasing of the fare collection machines is calculated based on (i) such number of fare collection machines as stated in the Fare Collection System Services Agreement or the actual number of fare collection machines actually leased to TRANSMAC, whichever is the higher; and (ii) a rental fee of MOP350 (equivalent to approximately HK\$340) for each fare collection machine. The service fee payable by TRANSMAC to Macau Pass with respect to the provision of fare collection and clearing services and ancillary services for the electronic fare collection system is calculated primarily based on the number of transactions conducted on public buses of TRANSMAC, and a sliding fee scale corresponding to the number of transactions so conducted with reference to the pricing policy indicated by Transport Bureau in Macau, which is the standard market term applicable to the bus operators in Macau.

The annual caps for the aggregate of rental fees and service fees payable by TRANSMAC to Macau Pass with respect to the TRANSMAC Transactions for the two periods from March 24, 2022 to December 31, 2022 and from January 1, 2023 to March 23, 2023 are fixed at MOP10,700,000 (equivalent to approximately HK\$10.4 million) and MOP3,600,000 (equivalent to approximately HK\$3.5 million), respectively. Such annual caps are determined with reference to: (1) the historical aggregate amount of the rental fees and service fees with respect to the TRANSMAC Transactions for the year ended December 31, 2021, being approximately MOP10,964,000 (equivalent to approximately HK\$10.6 million); (2) the expected growth in the number of the TRANSMAC Transactions; (3) the expected growth in number of fare collection machines to be leased to TRANSMAC to support more payment tools for use on its buses such as the Transport QR Code (乘車碼) of MPay and other e-wallets; and (4) certain buffer for additional service fees that may be charged by Macau Pass in relation to the provision of the Fare Collection System Services.

(b) Transactions with MCC (the “MCC Transactions”)

Macau Pass (an indirect wholly-owned subsidiary of the Company) and MCC (a member of the Past Directors Group) entered into an agreement (the “**MCC Online Payment Agreement**”) on May 11, 2020 (as amended and supplemented by an agreement dated September 10, 2021) in relation to the establishment of payment gateway on “mFood”, which is an online food and beverage delivery platform owned and operated by MCC. Under the MCC Online Payment Agreement, Macau Pass has agreed to provide MCC with online payment services which enable merchants on the mFood platform to accept payment methods of various payment service providers, such that their customers may choose their preferred payment methods at checkout.

The term of the MCC Online Payment Agreement commenced from May 11, 2020, and will end on March 23, 2024. The Board wishes to reiterate that MCC will cease to be a connected person of the Company after March 23, 2023 and the MCC Transactions will not be subject to any disclosure and/or shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules after such date.

The service fee payable by MCC to Macau Pass for its provision of online payment services ranges from 0.7% to 0.8% of the transaction amount of the payment processed for the mFood platform, depending on the payment methods chosen by the customers at checkout. Where the transaction amount is settled through redemption of reward points held by the MPay users on the mFood platform, the service fee payable by MCC to Macau Pass shall be 1.2% of the transaction amount so settled in accordance with a cooperation framework agreement entered into between MCC and Macau Pass on July 6, 2022, which shall be terminated on August 31, 2022.

The aggregate annual caps for the service fees (inclusive of the aforesaid 0.7%-0.8% and 1.2% of the transaction amount respectively) payable by MCC to Macau Pass with respect to the MCC Transactions for the two periods from March 24, 2022 to December 31, 2022 and from January 1, 2023 to March 23, 2023 are fixed at MOP7,500,000 (equivalent to approximately HK\$7,280,000) and MOP3,500,000 (equivalent to approximately HK\$3,400,000), respectively. Such aggregate annual caps are determined primarily with reference to: (1) the historical amount of the service fees with respect to the MCC Transactions for the year ended December 31, 2021, being approximately MOP2,397,000 (equivalent to approximately HK\$2,330,000); and (2) the expected fast growth in the number and transaction volume of the MCC Transactions based on the rapid business growth of MCC over each quarters of the past 12 months and, in particular, the growth of over 30% in revenue generated from the MCC Transactions in the first quarter of 2022 as compared to the fourth quarter of 2021.

Further details of the Past Directors Transactions are disclosed in the announcement of the Company dated June 20, 2022.

SHARE OPTION SCHEMES

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

During the Six-Month Period, no options were granted by the Company pursuant to the 2014 Share Option Scheme and no options were exercised. All options granted under the 2014 Share Option Scheme had expired during 2020. As at June 30, 2022, there were no outstanding options granted by the Company pursuant to any share option scheme.

SHARE AWARD SCHEME

During the Six-Month Period, no award Shares were granted to eligible persons under the Share Award Scheme. During the Six-Month Period, 21,813,500 award Shares were vested in the grantees and 3,215,000 award Shares were forfeited.

During the Six-Month Period, 45,048,000 Shares were purchased on the Stock Exchange by the trustee of the Share Award Scheme. In the event that the Board elects to issue new Shares to satisfy any award Shares to be granted under the Share Award Scheme in the future, the maximum number of new Shares so issued shall be limited to 3% of the total issued Shares as at the Adoption Date (i.e. 315,426,263 Shares). The total number of issued Shares as at the Adoption Date was 10,514,208,770.

CORPORATE GOVERNANCE PRACTICES

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

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

- (b) under code provision B.2.2 (formerly A.4.2) of the Code, every Director should be subject to retirement by rotation at least once every three years. However, pursuant to the Bye-laws, the chairman of the Company shall not be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year. During the Six-Month Period, the chairman of the Board was not subject to retirement by rotation as the Board considered that the continuity of the office of the chairman provided the Group with strong and consistent leadership and was of great importance to the smooth operations of the Group. 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 (formerly A.2.7) of the Code, the chairman of the Board should at least annually hold meetings with the independent non-executive Directors without the presence of other Directors. During the Six-Month Period, the chairman of the Board did not hold such kind of private meetings with the independent non-executive Directors. The chairman of the Board considered that it was unnecessary as it would be more transparent to let the independent non-executive Directors speak out their views to all other Directors in the full Board meetings which would be held at least four times a year. Besides, the chairman of the Board, being an executive Director himself, always welcomes all independent non-executive Directors to directly communicate with him via his email or phone to discuss any matters of the Company from time to time;
- (d) under code provision C.1.5 (formerly A.6.6) of the Code, each Director should disclose to the Company, among other things, an indication of the time involved by him/her in his/her offices held in other public companies or organizations and other significant commitments. During the Six-Month Period, no such disclosure was made by the Directors to the Company. As the Board had adopted a corporate governance practice that each Director's contributions to the Group would be reviewed and discussed at the Board meeting annually (the "**Annual Contributions Review**"), the Board considered that assessing the time spent by each Director on his/her commitments outside the Group was not necessary for the purposes of the Annual Contributions Review and that the disclosure of the time spent by a Director in performing his/her duties would not necessarily indicate accurately the efficiency of such Director and the effectiveness of his/her work, and may therefore be misleading;

- (e) under code provision E.1.2(c) (formerly B.1.2(c)) of the Code, the remuneration committee should review and recommend to the Board for approval of the specific remuneration packages of senior management. The remuneration committee of the Company had reviewed its scope of duties and considered that the delegated responsibility to review and recommend to the Board to approve the specific remuneration packages of senior management should be vested in the executive Directors who have a better understanding of the level of expertise, experience and performance expected of the senior management in the daily business operations. Notwithstanding the foregoing, the remuneration committee would continue to be primarily responsible for the review and recommendation of the remuneration packages of the Directors;
- (f) under code provision E.1.5 (formerly B.1.5) of the Code, the Company should disclose details of any remuneration payable to members of senior management by band in its annual report. The Company did not make such disclosure in its annual report as the Board considered that (i) the remuneration of any newly appointed “chief executive” (as defined under the GEM Listing Rules) would have already been disclosed in the announcement previously issued by the Company in respect of such appointment in accordance with GEM Listing Rule 17.50(2)(g); (ii) the five highest paid employees within the Group had already been disclosed in the notes to the consolidated financial statements of the Group in the annual report, and (iii) giving further details of remuneration for each and every senior management staff would result in particulars of excessive length and no additional value to the Shareholders, whilst at the same time may impair the flexibility of the Group in its negotiations of remuneration packages for senior management staff (especially those who are not Directors or chief executives of the Group and hence are not supposed to be subject to the aforesaid disclosure requirement under GEM Listing Rule 17.50(2)(g)) should it need to find replacement staff or recruit additional senior personnel in the future; and

(g) under code provision F.1.1 (formerly E.1.5) of the Code, the Company should have a policy on payment of dividends and should disclose it in its annual report. The Company did not have such policy and did not make such disclosure in its annual report as the Board considered that it would be premature to decide on its dividend policy as the Company did not have any distributable reserves calculated under the laws of Bermuda, and even if the Company will have sufficient distributable reserves to pay its dividends in the future, the Board has yet to assess the funding requirements of the Group (for instance, its working capital needs and capital expenditure) at that time before the Company could decide on the amount of dividends or proportion of net profits that it would be in a position to distribute to the Shareholders.

(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, 2021 and on pages 46 to 49 of the Company's interim report for the six months ended June 30, 2021.)

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

CHANGE IN INFORMATION REGARDING DIRECTOR AND CHIEF EXECUTIVE OF THE COMPANY

Pursuant to the disclosure requirement under Rule 17.50A(1) of the GEM Listing Rules, the change in information regarding a Director, Mr. Chow Siu Lui, is set out below:

Mr. Chow Siu Lui is no longer an independent non-executive director of 上海大眾公用事業(集團)股份有限公司 (Shanghai Dazhong Public Utilities (Group) Co., Ltd.*) (SEHK: 1635).

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 April 28, 2022:

- (i) Mr. Yang Guang has resigned as a non-executive Director; and
- (ii) Mr. Li Jie has been appointed as a non-executive Director.

ADOPTION OF THE NEW BYE-LAWS

The former bye-laws of the Company (the “**Former Bye-laws**”) was amended to, inter alia, enable the Company to hold general meetings in physical form, hybrid form or electronic form, reflect certain amendments in the applicable laws of Bermuda and the GEM Listing Rules, and make other consequential and housekeeping amendments by the adoption of the amended and restated bye-laws of the Company (the “**New Bye-laws**”). The New Bye-laws were approved by the Shareholders by way of a special resolution at the annual general meeting of the Company held on June 8, 2022 and were adopted with immediate effect following such meeting in substitution for, and to the exclusion of, the Former Bye-laws. Further details of the New Bye-laws are disclosed in the circular of the Company dated May 16, 2022.

DEFINITIONS

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

“2014 Share Option Scheme”	the share option scheme of the Company adopted on December 23, 2014;
“Adoption Date”	March 17, 2017, being the date on which the Company adopted the Share Award Scheme;
“Ali Fortune”	Ali Fortune Investment Holding Limited, a company incorporated in the British Virgin Island and the controlling shareholder of the Company;
“Alibaba Group”	Alibaba Holding and its subsidiaries;

“Alibaba Holding”	Alibaba Group Holding Limited, a company incorporated in the Cayman Islands, with its American depository shares, each representing eight ordinary shares, listed on the New York Stock Exchange (Stock Symbol: BABA) and its ordinary shares listed on the Main Board of the Stock Exchange (Stock Code: 9988);
“Alipay”	支付寶(中國)網絡技術有限公司(Alipay.com Co., Ltd.*), a company incorporated in the PRC, and a wholly-owned subsidiary of Ant Holdco;
“Alipay Group”	Alipay and its subsidiaries;
“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;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC;
“INR”	Indian Rupees, the lawful currency of India;
“Macau”	the Macau Special Administrative Region of the PRC;
“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;
“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\$1.2085 to RMB1.00, MOP1 to HK\$0.9712 and INR1 to HK\$0.100 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, 2022

As at the date of this report, the Board comprises (i) Mr. Sun Ho and Ms. Hu Taoye as executive Directors; (ii) Mr. Liu Zheng, Mr. Li Jie, 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.

This report will remain on the "Latest Listed Company Information" page of the HKEXnews website operated by the Stock Exchange at www.hkexnews.hk for at least seven days from the day of its posting and will be published on the website of the Company at www.agtech.com.