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This announcement, 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 announcement 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 announcement misleading.

AGTech
www.agtech.com

AGTech Holdings Limited
亞博科技控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 8279)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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

* *For identification purposes only*

FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2019

- Revenue of the Group for the year under review amounted to approximately HK$175.1 million (2018: approximately HK$168.6 million), representing an increase of approximately 3.9% over 2018. Revenue contributions were mainly derived from lottery hardware, lottery games and systems, provision of lottery distribution and ancillary services, games and entertainment business in the PRC. The increase in revenue for the year was primarily caused by the increase in revenue from the lottery games and systems of approximately HK$9.3 million and increase in sales from lottery hardware of approximately HK$2.7 million, partially offset by the decrease of approximately HK$6.3 million in revenue from the provision of lottery distribution and ancillary services.

- Operating loss for the year was approximately HK$194.9 million (2018: approximately HK$262.0 million), representing a decrease of approximately 25.6% over 2018.

- The loss for the year under review was approximately HK$113.6 million (2018: profit of approximately HK$317.1 million). The change from profit to loss for the year was mainly attributable to several non-cash and non-operating items relating to the fair value changes of the Convertible Bonds and the contingent consideration payables under the Score Value Transaction.

- During the year under review, other operating expenses were approximately HK$77.5 million (2018: approximately HK$114.7 million). The decrease was primarily due to the decreases in share-based payments for other eligible participants of approximately HK$12.2 million, legal and professional fees of approximately HK$7.7 million, marketing expenses of approximately HK$6.6 million and operating expenses related to lottery distribution of approximately HK$5.2 million.

- The Board does not recommend the payment of a final dividend for the year.

RESULTS

The Board announces the audited consolidated results of the Group for the year ended 31 December 2019, together with the comparative figures for the year ended 31 December 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	**2019** ***HK$'000***	2018 *HK$'000*
Revenue	*2*	**175,077**	168,573
Other income		**8,849**	21,826
Net other losses	*4*	**(19,695)**	(12,010)
Employee benefits expenses		**(200,424)**	(239,438)
Purchase of and changes in inventories		**(57,623)**	(57,586)
Operating lease rental expenses		**–**	(25,798)
Depreciation expenses		**(23,581)**	(2,815)
Other operating expenses		**(77,534)**	(114,731)
Operating loss		**(194,931)**	(261,979)
Gain on fair value changes of convertible bonds		**85,190**	521,177
Gain on fair value changes of contingent consideration payables		**7,795**	50,120
Net finance income		**30,870**	16,081
Share of results of investments accounted for using equity method		**(38,195)**	(1,813)
(Loss)/profit before income tax		**(109,271)**	323,586
Income tax expenses	*5*	**(4,332)**	(6,474)
(Loss)/profit for the year	*6*	**(113,603)**	317,112
Other comprehensive income:			
Item that will not be reclassified subsequently to profit or loss			
Currency translation differences		**(11,113)**	(39,298)
Other comprehensive income for the year, net of tax		**(11,113)**	(39,298)
Total comprehensive income for the year		**(124,716)**	277,814

	Note	2019 HK$'000	2018 HK$'000
(Loss)/profit attributable to:			
Owners of the Company		**(123,883)**	315,157
Non-controlling interests		**10,280**	1,955
		(113,603)	317,112
Total comprehensive income attributable to:			
Owners of the Company		**(133,599)**	278,330
Non-controlling interests		**8,883**	(516)
		(124,716)	277,814
(Loss)/earning per share			
Basic	*7*	**(HK1.09 cents)**	HK2.83 cents
Diluted	*7*	**(HK1.09 cents)**	(HK1.33 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	Note	**2019**	2018
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**5,685**	6,993
Right-of-use assets		**21,135**	–
Investment properties		**47,997**	51,228
Goodwill		**1,067,576**	1,081,460
Other intangible assets		**1,742**	1,742
Deferred income tax assets		**6,057**	6,349
Investments accounted for using equity method		**14,300**	53,133
Other receivables, deposits and prepayments		**42,931**	14,153
		1,207,423	1,215,058
Current assets			
Inventories		**11,923**	16,953
Trade receivables	*8*	**26,646**	24,438
Other receivables, deposits and prepayments		**87,350**	83,211
Cash and bank balances		**1,921,376**	2,381,881
		2,047,295	2,506,483
Total assets		**3,254,718**	3,721,541
Current liabilities			
Trade payables	*9*	**9,157**	15,642
Accruals and other payables		**91,369**	128,150
Contract liabilities		**7,290**	12,320
Current income tax liabilities		**2,814**	586
Lease liabilities		**14,581**	–
Convertible bonds		**–**	418,818
Contingent consideration payables		**69,589**	77,384
		194,800	652,900

	2019	2018
	HK$'000	*HK$'000*
Non-current liabilities		
Deferred income tax liabilities	**6,425**	6,778
Provision for warranties	**31,172**	29,132
Lease liabilities	**7,099**	–
	44,696	35,910
Total liabilities	**239,496**	688,810
Net assets	**3,015,222**	3,032,731
Equity		
Share capital	**23,344**	22,544
Reserves attributable to owners of the Company	**2,958,880**	2,961,438
	2,982,224	2,983,982
Non-controlling interests	**32,998**	48,749
Total equity	**3,015,222**	3,032,731

1 BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, contingent consideration payables and embedded derivative of convertible bonds, which are measured at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The following new standards, amendments and interpretations have been adopted by the Group for the first time for the financial year beginning on 1 January 2019:

Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Annual Improvements 2015 – 2017 Cycle	Annual Improvements Project
HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments

The application of the above new standards, amendments and interpretations in the current year has had no material impact on the Group's results and financial position, except HKFRS 16 "Leases". As a result of adopting the standard, the Group had to change its accounting policies. The Group elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 January 2019. The impact of adoption is disclosed in the consolidated financial statements.

2 REVENUE

Revenue represents the amounts received and receivable from lottery hardware (including provision of related after-sale services), lottery games and systems, provision of lottery distribution and ancillary services, games and entertainment primarily in the PRC for the year, and is analysed as follows:

	2019	2018
	HK$'000	*HK$'000*
Lottery hardware	**104,785**	102,060
Lottery games and systems	**43,296**	33,957
Provision of lottery distribution and ancillary services	**18,285**	24,582
Games and entertainment	**8,711**	7,974
	175,077	168,573

3 SEGMENT INFORMATION

Information reported to the executive Directors, being the chief operating decision-maker ("CODM"), for the purposes of resources allocation and assessment of performance focuses specifically on the revenue analysis by principal categories of the Group's business and the profit or loss of the Group as a whole.

Accordingly, the CODM have determined that the Group has one sole operating segment. The information regarding revenue derived from the principal businesses described above is set out in Note 2.

Additional disclosure in relation to segment information is not presented as the CODM assesses the performance of the sole operating segment identified based on the consistent information as disclosed in the consolidated financial statements.

The total segment profit or loss is equivalent to profit or loss for the year as shown in the consolidated statement of profit or loss and other comprehensive income and the total segment assets and total segment liabilities are equivalent to total assets and total liabilities as shown in the consolidated statement of financial position.

Geographical information

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

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

	Revenue from external customers		Non-current assets*	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
PRC	**167,989**	165,318	**1,150,802**	1,153,062
Hong Kong	**–**	–	**8,085**	2,514
Others	**7,088**	3,255	**42,479**	53,133
	175,077	168,573	**1,201,366**	1,208,709

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

Information about major customers

Revenue from customers contributing over 10% of total revenue of the Group is as follows:

	2019	2018
	HK$'000	*HK$'000*
Customer A	**69,130**	51,877
Customer B	**21,611**	16,787
	90,741	68,664

4 NET OTHER LOSSES

	2019	2018
	HK$'000	*HK$'000*
Loss on fair value changes of investment properties	**(2,269)**	–
Foreign exchange loss	**(17,475)**	(11,642)
Gain/(loss) on disposals of property, plant and equipment	**49**	(368)
	(19,695)	(12,010)

5 INCOME TAX EXPENSES

Taxation has been calculated on the estimated assessable profit for the year at the rates prevailing in the countries in which the members of the Group operate.

	2019	2018
	HK$'000	*HK$'000*
Current tax:		
– PRC EIT on assessable profit for the year	**4,356**	4,967
– Adjustments in respect of prior years	**145**	(144)
Deferred tax:		
– Origination and reversal of temporary differences	**(169)**	1,651
Income tax expense	**4,332**	6,474

6 (LOSS)/PROFIT FOR THE YEAR

(Loss)/profit for the year has been arrived at after charging:

	2019	2018
	HK$'000	*HK$'000*
Share-based payments		
– Directors and eligible employees	**27,706**	41,668
– Other eligible participants	**5,267**	17,482
Marketing expenses	**11,205**	17,725
Provision for warranties	**6,762**	7,612
Auditor's remuneration		
– Audit services	**1,500**	2,100

7 (LOSS)/EARNING PER SHARE

(a) Basic

Basic loss or earning per share is calculated by dividing the loss attributable to owners of the Company for the year ended 31 December 2019 of approximately HK$123,883,000 (2018: profit of approximately HK$315,157,000) by the weighted average number of ordinary shares outstanding during the year of approximately 11,450,972,000 (2018: approximately 11,264,431,000) shares and excluding the weighted average number of shares held for share award scheme of approximately 108,824,000 (2018: approximately 116,984,000) shares.

(b) Diluted

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

For the year ended 31 December 2019, convertible bonds are excluded from the computation of the diluted loss per share as there were no convertible bonds outstanding as at 31 December 2019. For the years ended 31 December 2019 and 2018, the computation of the diluted loss per share does not assume the exercise of the outstanding share options and the vesting of the outstanding share awards, as they would decrease the diluted loss per share. For the years ended 31 December 2019 and 2018, contingent considerations are not treated as outstanding and are excluded from the computation of the diluted loss per share as the conditions are not satisfied as at 31 December 2019 and 31 December 2018.

	2019	2018
	HK$'000	*HK$'000*
(Loss)/profit attributable to owners of the Company used in calculating basic loss or earning per share	**(123,883)**	315,157
Adjustments for:		
– Interest expense on convertible bonds	**–**	39,805
– Gain on fair value changes of convertible bonds	**–**	(521,177)
Loss attributable to owners of the Company used in calculating diluted loss per share	**(123,883)**	(166,215)

	2019	2018
	Number of shares (in thousand)	Number of shares (in thousand)
Weighted average number of ordinary shares used in calculating basic loss or earning per share	**11,342,148**	11,147,447
Adjustment for:		
– Assumed conversion of convertible bonds	**–**	1,332,960
Weighted average number of ordinary shares used in calculating diluted loss per share	**11,342,148**	12,480,407

8 TRADE RECEIVABLES

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

	2019	2018
	HK$'000	*HK$'000*
0 to 30 days	**24,358**	22,921
31 to 60 days	**1,730**	258
61 to 90 days	**228**	228
91 to 120 days	**11**	172
121 to 365 days	**319**	378
Over 365 days	**–**	481
	26,646	24,438

9 TRADE PAYABLES

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

	2019	2018
	HK$'000	*HK$'000*
0 to 30 days	**6,825**	2,003
31 to 60 days	**10**	6,679
61 to 90 days	**3**	3,714
91 to 120 days	**7**	288
121 to 365 days	**1,735**	2,505
Over 365 days	**577**	453
	9,157	15,642

10 DIVIDEND

The Board does not recommend the payment of a final dividend for the year (2018: Nil).

DISCUSSION AND ANALYSIS OF THE GROUP'S RESULTS AND BUSINESS

ABOUT THE GROUP

AGTech was incorporated in Bermuda and its Shares are listed on GEM (Stock Code: 8279). AGTech is an integrated technology and services company engaged in the lottery and mobile games and entertainment markets with a focus on China and selected international markets. A member of the Alibaba Group with around 360 employees, AGTech is the exclusive lottery platform of Alibaba Group and Ant Financial Group.

AGTech's businesses are broadly divided into two categories:

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

- Games and Entertainment.

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

CORPORATE STRATEGY AND OBJECTIVES

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

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

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

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

INDUSTRY OVERVIEW

Lottery*

PRC annual lottery sales in 2019 amounted to approximately RMB422.05 billion, representing a decrease of approximately 17.5% over 2018. Despite the significant size of today's China lottery market, the penetration rate of regulated lottery in China remains comparatively low by international standards. Given that lottery participation in China is well below that of developed markets such as Europe and the United States, there is enormous potential for future growth in China's legal lottery market.

There are two legal lottery operators in the PRC: the national welfare lottery (Welfare Lottery) and the national sports lottery (Sports Lottery). For 2019, the lottery sales of Welfare Lottery and Sports Lottery decreased by approximately 14.8% and approximately 19.6%, representing approximately 45.3% and approximately 54.7% of the total PRC lottery market respectively.

The Welfare Lottery and the Sports Lottery have five main product categories: lotto type lottery game products that are either traditional in nature with a daily or weekly draw pattern as well as modern high frequency games featuring multiple draws per hour ("Lotto"), sport betting ("Sports"), video lottery terminal ("VLT"), a keno product ("Keno") and instant scratch cards ("Scratch").

In 2019, the top three lottery products recorded year on year sales drop, with sports betting plunging most by approximately 26.3% over 2018. Overall, Lotto remains by far the largest category, representing approximately 53.8% of the overall market, followed by Sports, VLT, Scratch and Keno.

* *Source: Ministry of Finance of the PRC*

Games and Entertainment

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

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

BUSINESS REVIEW

New Lottery Services

Following the success of the Sports Lottery marketing campaign in 2018, in which we delivered a new omni-channel experience to customers in promoting Sports Lottery's products by leveraging Alibaba Group and Ant Financial Group's vast resources, the Group continued to partner with lottery authorities throughout China to help reinvent the way they engage with existing and potential customers.

During 2019, the Group has secured cooperation by way of lottery services with the following PRC lottery authorities:

(a) cooperation with Guangdong SLAC to apply an enterprise intelligent office service platform to the Guangdong SLAC "network service platform" project, thus satisfying the demand on its digital management. We aim to spread the platform service to other provinces and regions in China in the future;

(b) collaboration with Tianjin SLAC to carry out corresponding marketing planning and implementation for the comprehensive range of sports lottery products according to Tianjin SLAC's timeline, and to achieve the objectives of assisting Tianjin SLAC in brand building, efficient dissemination, and expansion of new user groups, by means of multi-category media promotions of responsible lottery and public welfare;

(c) collaboration with 中國福利彩票發行管理中心 (China Welfare Lottery Issuance and Administration Center) on the research and application of notarizable electronic lottery draw technology based on blockchain smart contract technology. Ant Financial Group's blockchain technology was applied in this project; and

(d) collaboration with 國家體育總局體育彩票管理中心 (SLAC of General Administration of Sport of the PRC) to provide services on research, development and operation of AR (augmented reality) technology for China Sports Lottery's online promotion activities, to promote sports lottery products and expand its younger customer base.

The Group will continue to promote innovation and technology applications in collaboration with lottery authorities with the aim of further developing the lottery market.

Lottery Resources Channel

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

Tools on the lottery resources channel include displaying of certain historical and current lottery products results and other tools. 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. Through this channel, we hope to continue growing our online presence, and maximising the value of our business partnership with Alibaba Group and Ant Financial Group, in preparation for any potential approval and authorisation of online distribution of lottery products in the future.

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

Lottery Games and Systems

The development and supply of lottery games, underlying software and advanced supporting systems

The Lottery Games and Systems division has a reserve of rich and attractive lottery game content designed to fulfill the demands of the market and players.

Lucky Racing and e-Ball Lottery

AGT, which is owned as to 51% by the Group and as to 49% by Ladbroke Group (a subsidiary of one of the world's largest sports betting companies), supplies China's only virtual sports lottery platform to Sports Lottery, and continues to operate the two virtual sports games in the country, after having launched its motor racing-themed virtual game "Lucky Racing" ("幸運賽車") in Hunan Province of the PRC in 2011, and its football themed game "e-Ball Lottery" ("e球彩") in Jiangsu Province of the PRC in 2013. "Lucky Racing" and "e-Ball Lottery" are virtual sports lottery games that are broadcasted to lottery shops via a central server and cable television, allowing customers to bet on computer generated car races or football matches respectively. To date, "Lucky Racing" and "e-Ball Lottery" have been successfully launched in traditional dedicated Sports Lottery shops in Hunan and Jiangsu provinces of the PRC respectively. During November of 2019, e-Ball Lottery has reached RMB10 billion in accumulated sales since its initial launch.

As announced by the Company on 14 November 2018, 亞博泰科科技（北京）有限公司 (Asia Gaming Technologies (Beijing) Co., Ltd.) ("AGT Beijing"), a subsidiary owned as to 51% by the Group, has been awarded the technical cooperation contract in respect of "e-Ball Lottery" for Jiangsu SLAC. Under such contract, AGT Beijing is responsible for setting up and developing the distribution and sales management system for "e-Ball Lottery" for a further five-year term, including its maintenance, installation, testing, ongoing development and system upgrade as requested by Jiangsu SLAC.

Lottery Hardware

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

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

All in all, during the year under review, the Group won 12 lottery hardware tenders to supply lottery terminals to the SLACs in Tianjin, Hainan, Guangxi, Guizhou, Anhui, Beijing, Guangdong, Jiangsu, Heilongjiang, Zhejiang, Henan of the PRC, accounting for over 32% of the overall sports lottery terminal tenders in China during the same period, calculated by the number of terminals. We did especially well in new android sports lottery terminal tenders in China, winning over 43% of such tenders during the same period, calculated by the number of terminals. These winnings further strengthened the Group's top-tier position in China's lottery hardware market and demonstrated the continued competitiveness of the Group's lottery terminals. Looking forward, the Group will continue to pursue tenders to supply to the lottery hardware market as opportunities to bid for new contracts arise throughout the year.

Games and Entertainment

Online non-lottery games and entertainment content

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

During the course of 2018 and 2019, we noted that certain PRC government's directives were issued to closely regulate the administration of the online games industry and the PRC government had paid attention to the internet industry. This may cause uncertainties to China's overall games industry. We will closely monitor any such latest government directives but believe that we are able to leverage our technical know-how and operating expertise in lottery to create various games and entertainment content and platforms, integrating different and unique resources and elements of e-commerce and e-payment platforms, to create a fun and healthy experience that aims to enrich online users' experience.

We continue to believe that our businesses in the Games and Entertainment division are complementary to our regulated lottery activities, and they are synergistic from a business model, market development, technical infrastructure and user experience perspective. The Group will continue to refine and improve the value proposition of this Games and Entertainment business in order to achieve sustainable scalability and growth over the long term.

International Market

Strategic expansion in selected markets overseas

A joint venture of the Group with One97 Communications Limited continued to develop its mobile games and entertainment platform in India, Paytm First Games (formerly known as "Gamepind"). Paytm First Games offers players a unique online experience with popular games content such as social games, card games and fantasy sports games. The platform has grown its user base significantly and will continue to benefit from Paytm and other well selected marketing channels. As the brand influence of the platform continues to grow, together with the addition of competitive games contents particularly in the sports category, as demonstrated by the launch of a dedicated cricket channel in March 2019 and fantasy cricket (known as "Paytm First Captains") in May 2019, the Group is hopeful that Paytm First Games will continue to grow its user base, paving the way to monetize this unique platform, thus capitalizing on the significant potential of the fast growing mobile games and entertainment market in India.

Sporting Events Entertainment Content

During March 2019, the Group collaborated with AliExpress, the global retail platform of Alibaba Group, on a new product of "e-commerce + sports interactive entertainment" in Europe. Through choosing the correct outcome of the European Cup qualifiers, this events-based product connected sporting events with entertainment element, linked with social media features and offered attractive rewards, thereby providing our partner with an effective way to engage with customers. The Group will continue to develop unique sports entertainment products and digital solutions according to the demands of the rapidly growing e-commerce market internationally.

BUSINESS OUTLOOK

The Group continues to proactively transform and build on our leading position within the Chinese lottery industry. As the exclusive lottery business platform of Alibaba Group and Ant Financial Group, we expect to further align and benefit from synergies created through cooperation with Alibaba Group and Ant Financial 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 smart lottery initiative. We also anticipate a gradual rollout of our SaaS (Software-as-a-Service) lottery solutions platform through our cloud services, aiming to serve and benefit users from all sectors within the lottery supply chain. Our platform is expected to be well equipped for applications within the Alibaba digital ecosystem, in addition to any potential change in distribution channels other than the current retail model. While the Group believes that the potential of internet and mobile distribution channels in the PRC lottery markets are promising, there is still uncertainty as to the timing of the potential re-opening of the online lottery distribution market under the applicable PRC laws and regulations. In this respect we will continue to closely monitor policy developments in that regard.

The Group continues to operate the lottery channel on mobile Taobao and mobile Alipay to serve as a one-stop platform on lottery related information for existing and potential customers. With the recent addition of sporting content to our lottery channel, we expect to roll out further features such as sports intelligence services to improve user experience and engagement.

From a lottery product’s point of view, we have identified instant scratch cards to be an important product initiative for the coming year, as we will be dedicating resources to open up this market within the lottery sector.

Alibaba Group’s new retail initiatives present a great opportunity for the further development of the Group’s hardware business. Many of the hardware supplies required under such new retail initiatives share similar technology and components that underlie the lottery hardware products supplied by the Group throughout the years. We believe our Hardware division continues to be well positioned to take advantage of such opportunities in the foreseeable future.

The Group is also leveraging on our existing products and technology to innovate and improve on digitalization of sporting content. Building off the successful launch of our fantasy sports products on the Paytm First Games platform, we will continue to serve as the technical service provider to the joint venture. We believe that having a robust sports-oriented solution will help the Group to capture opportunities and gain an edge in the fast-evolving sports-entertainment sector, as well as popular international sporting events such as the Euro Cup going forward.

With respect to our international business, the Group is fully devoted and will continue to invest in and develop fast growing markets such as India through utilizing our experience on sports betting products, technology, and expertise on risk management. Our positioning as a 2B technical service provider within the sports betting sector will be a key initiative for the coming year.

Outside of India, and to further globalise our business, the Group will continue to seek strong suitable partners in selected international markets to leverage on our platforms of games and entertainment offerings and various user engagement activities, as well as technical and operation abilities.

With regards to our investment relating to the formation of Ant Bank (Macao) Limited (formerly known as "Xinghui Bank Limited") and the official launch of operations in 2019, the Group's increase in share capital contribution to Ant Bank (Macao) Limited demonstrates our commitment to grow the business and further capitalise on opportunities in Macau and overseas.

The Group has also been seeking expansion opportunities in overseas markets through acquisitions and investments. To this end, the Group has been in the process of identifying suitable acquisition targets and has been in discussion on various ongoing opportunities.

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

REVIEW OF OPERATING RESULTS

Revenue and Profitability

Revenue of the Group for the year under review amounted to approximately HK$175.1 million (2018: approximately HK$168.6 million), representing an increase of approximately 3.9% over 2018. Revenue contributions were mainly derived from lottery hardware, lottery games and systems, provision of lottery distribution and ancillary services, games and entertainment business in the PRC. The increase in revenue for the year was primarily caused by the increase in revenue from the lottery games and systems of approximately HK$9.3 million and increase in sales from lottery hardware of approximately HK$2.7 million, partially offset by the decrease of approximately HK$6.3 million in revenue from the provision of lottery distribution and ancillary services. The increase in revenue from the lottery games and systems was caused by the increase in sales volume from the virtual sports lottery games in 2019. Sales of lottery hardware remained stable for the year under review.

Operating loss for the year was approximately HK$194.9 million (2018: approximately HK$262.0 million). The decrease was primarily due to the Group's various measures to optimize business strategy such as chasing better profit margins rather than maximising market share in the Group's lottery hardware business, as well as strengthening cost controls over operating costs and expenses to enhance our competitive position in the industry.

The loss for the year under review was approximately HK$113.6 million (2018: profit of approximately HK$317.1 million). The change from profit to loss for the year was mainly attributable to several non-cash and non-operating items relating to the fair value changes of the Convertible Bonds and the contingent consideration payables under the Score Value Transaction.

During the year under review, other operating expenses were approximately HK$77.5 million (2018: approximately HK$114.7 million). The decrease was primarily due to the decreases in share-based payments for other eligible participants of approximately HK$12.2 million, legal and professional fees of approximately HK$7.7 million, marketing expenses of approximately HK$6.6 million and operating expenses related to lottery distribution of approximately HK$5.2 million.

For the year ended 31 December 2019, depreciation expenses included depreciation charge of right-of-use assets of approximately HK$20.6 million (2018: Nil) upon the adoption of HKFRS 16 "Leases" by the Group for the first time for the financial year beginning on 1 January 2019. Prior to the adoption of the new lease standard, operating lease payments were recognized as an expense under "operating lease rental expenses" of approximately HK$25.8 million for the year ended 31 December 2018.

Liquidity and financial resources

Net cash (defined as total cash and cash equivalents less total debts, which include trade payables, accruals and other payables, contract liabilities, lease liabilities, contingent consideration payables and convertible bonds) as at 31 December 2019 were approximately HK$934.0 million (2018: approximately HK$1,714.2 million). The decrease in net cash was primarily due to the increase in fixed deposits held at bank with original maturity over three months of approximately HK$778.5 million. The total assets and net current assets of the Group as at 31 December 2019 were approximately HK$3,254.7 million and approximately HK$1,852.5 million respectively (2018: approximately HK$3,721.5 million and approximately HK$1,853.6 million respectively). Current liabilities of the Group as at 31 December 2019 were approximately HK$194.8 million (2018: approximately HK$652.9 million). As at 31 December 2019, the Group had no available banking facilities. There were no bank borrowings of the Group as at 31 December 2019 (2018: Nil). The liquidity ratio (defined as current assets divided by current liabilities) of the Group as at 31 December 2019 was approximately 10.5 (2018: 3.8) which continuously reflected adequacy of financial resources of the Group.

Capital structure and foreign exchange risk

During the year under review, the Group financed its capital requirements through its equity, its internally generated cash flows as well as the proceeds from the Subscription.

As at 31 December 2019, there were no bank borrowings of the Group (2018: Nil). The gearing ratio (defined as bank borrowings divided by equity) of the Group as at 31 December 2019 was therefore not applicable (2018: Not applicable).

As at 31 December 2019, majority of the Group's bank deposits were denominated in US$, HK$ and RMB. Since HK$ is pegged to US$, and substantially all of the revenue-generating operations, monetary assets and liabilities of the Group are conducted or transacted in functional currencies, the Group faced minimal foreign exchange risk during the year under review. The Group had neither foreign currency hedging activities nor any financial instruments for hedging purposes during the year under review.

Contingent liabilities and capital commitment

As at 31 December 2019, the Group did not have any material contingent liabilities and capital commitment that constituted "notifiable transactions" under Chapter 19 of the GEM Listing Rules.

Significant investments, material acquisitions and disposals during the year under review

There were no significant investments, material acquisitions and disposals that constituted "notifiable transactions" under Chapter 19 of the GEM Listing Rules during the year under review.

Employees' information and remuneration policies

As at 31 December 2019, the Group had 363 (2018: 400) employees in Hong Kong and the PRC. Total staff costs (excluding Directors' emoluments) for the year ended 31 December 2019 amounted to approximately HK$189.8 million (2018: approximately HK$224.9 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, discretionary bonus, Share Option Schemes, Share Award Scheme, contributory provident fund, social security fund, medical benefits and training.

Charges on Group's assets

As at 31 December 2019, bank deposits of approximately HK$2.5 million (as at 31 December 2018: approximately HK$5.2 million) were held in designated bank accounts to secure letters of guarantee granted to the Group. The pledged bank deposits will be released upon the release of the relevant letters of guarantee granted to the Group.

In addition, as at 31 December 2019, a sum of approximately HK$16.5 million (as at 31 December 2018: approximately HK$23.3 million) was held by trustees of the Company for purchases of award Shares under the Share Award Scheme. Such sum was not available for general use by the Group.

Save as disclosed above, as at 31 December 2019, there was no charge on the assets of the Group.

Future plans for material investments and acquisition of capital assets

As at 31 December 2019, 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$11.9 million as at 31 December 2019 (as at 31 December 2018: approximately HK$17.0 million), with inventory turnover period increased from 86 days in 2018 to 91 days in 2019. Trade receivables of the Group amounted to approximately HK$26.6 million as at 31 December 2019 (as at 31 December 2018: approximately HK$24.4 million), with debtor turnover period decreased from 80 days in 2018 to 53 days in 2019. Debtor turnover period improved in 2019 and inventory turnover period remained stable as compared to that in 2018.

Goodwill of the Group decreased to approximately HK$1,067.6 million as at 31 December 2019 (as at 31 December 2018: approximately HK$1,081.5 million), primarily due to the currency translation difference of approximately HK$13.9 million in 2019 when translating the goodwill denominated in RMB into HK$.

As at 31 December 2019, there were no Convertible Bonds outstanding (as at 31 December 2018: approximately HK$418.8 million). During the year under review, a gain of approximately HK$85.2 million (2018: approximately HK$521.2 million) was recorded from the remeasurement of the fair value of embedded derivative of the Convertible Bonds. The significant inputs applied in the fair value measurement of the embedded derivative of Convertible Bonds primarily include the market price of the Shares of the Company listed on GEM of the Stock Exchange and the expected volatility of the share price. Please refer to 2019 annual report of the Company for details of the remeasurement of the fair values of the Convertible Bonds.

During the year under review, a gain of approximately HK$7.8 million (2018: approximately HK$50.1 million) was recorded from the remeasurement of the fair value of the outstanding contingent consideration payables under the Score Value Transaction. Please refer to 2019 annual report of the Company for details of the outstanding contingent consideration payables under the Score Value Transaction.

Investments accounted for using equity method decreased to approximately HK$14.3 million as at 31 December 2019 (as at 31 December 2018: approximately HK$53.1 million), primarily due to the share of loss of the Group's joint venture with One97 Communications Limited of approximately HK$38.1 million. The joint venture commenced operation in 2018 and is still in rapid growth and investment period. During the year, the joint venture invested in developing new games, strengthening mobile platform, extending the user base and capturing more market share in India. Please refer to 2019 annual report of the Company for the summarized financial information for the joint venture.

Significant event after the reporting period

Since January 2020, the outbreak of Novel Coronavirus ("**COVID-19**") has an impact on the global business environment and operation of many industries, including lottery in the PRC and sports and games in India. Subject to the development and spread of COVID-19 subsequent to the date of this announcement, further changes in economic conditions may have an impact on the financial results and the expected usage and timeline of Adjusted Remaining Net Proceeds of the Group, the extent of which could not be reasonably estimated as at the date of this announcement. The Group will continuously monitor the development of the COVID-19 and take the necessary measures for the benefit of the Group.

STATUS OF THE CONVERTIBLE BONDS

On 19 July 2019, the Company received a conversion notice from Ali Fortune in respect of the exercise of conversion rights attaching to the Convertible Bonds in an aggregate principal amount of HK$99,720,000. Accordingly, the Company has allotted and issued an aggregate of 400,000,000 Conversion Shares to Ali Fortune at the conversion price of HK$0.2493 per Conversion Share on 22 July 2019. For details, please refer to the announcement of the Company dated 22 July 2019.

As no further conversion rights attaching to the Convertible Bonds were exercised by Ali Fortune on or before their maturity date on 10 August 2019 (the "**Maturity Date**"), the Company redeemed the remaining Convertible Bonds in an aggregate principal amount of HK$232,608,165 on the Maturity Date pursuant to the instrument of the Convertible Bonds. Further details can be found in the announcement of the Company dated 9 August 2019.

After the redemption of the Convertible Bonds on the Maturity Date, there were no more Convertible Bonds outstanding. For details of the key terms of the Convertible Bonds, please refer to pages 94 and 95 of the 2018 annual report of the Company.

NEW CONTINUING CONNECTED TRANSACTIONS

During the year under review, the Group entered into the following new continuing connected transactions ("**CCTs**") which shall be implemented from 2020 onwards:

(i) On 11 December 2019, Beijing GOT Technology Co., Ltd.* ("Beijing GOT", a wholly-owned subsidiary of the Company) entered into a cooperation framework agreement (the "Alibaba Cooperation Framework Agreement") with Alibaba (China) Technology Co. Ltd. ("Alibaba China", an indirect wholly-owned subsidiary of Alibaba Holding), subject to the annual cap amounts of HK$70,000,000 and HK$70,000,000 for the period commencing from 21 February 2020 (i.e. the effective date of the Alibaba Cooperation Framework Agreement) to 31 December 2020 and for the year ending 31 December 2021 respectively. Pursuant to the Alibaba Cooperation Framework Agreement, the Group may supply smart hardware and ancillary equipment (including, but are not limited to, point-of-sales (POS) terminals and face recognition payment equipment) and related aftersales maintenance services to Alibaba China and its affiliates (including Lingshoutong).

    Ali Fortune, the controlling shareholder of the Company, is indirectly held as to 60% by Alibaba Holding. Accordingly, Alibaba China, being an indirect wholly owned subsidiary of Alibaba Holding, is an associate of Ali Fortune and hence a connected person of the Company. The Alibaba Cooperation Framework Agreement and the transactions contemplated thereunder thus constitute CCTs of the Company under Chapter 20 of the GEM Listing Rules.

    Since at least one of the applicable percentage ratios as defined in the GEM Listing Rules calculated with reference to the annual caps in respect of the Alibaba Cooperation Framework Agreement exceeds 5%, the Alibaba Cooperation Framework Agreement and the transactions contemplated thereunder are subject to the annual review, reporting, announcement and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. The Alibaba Cooperation Framework Agreement, the transactions contemplated thereunder and the annual caps thereof had been duly approved by independent Shareholders at the special general meeting of the Company held on 21 February 2020. For details of these CCTs, please refer to the circular of the Company dated 5 February 2020.

(ii) On 20 December 2019, Beijing AGTech Co., Ltd.* ("**Beijing AGTech**"), being a wholly-owned subsidiary of the Company, entered into a technology services framework agreement (the "**2020 Technology Services Framework Agreement**") with Alibaba Cloud Computing Ltd. ("**Alibaba Cloud**"). Pursuant to the 2020 Technology Services Framework Agreement, Beijing AGTech will and will procure the Group to, where applicable, enter into specific agreements with Alibaba Cloud for the provision of technology services and resources, including authorisation for the use of cloud computing technologies and e-commerce technologies, and the provision of other technology services and support based on the business needs and operational requirements of the Group, including the provision of information technology infrastructure and hardware such as servers and data rooms, by Alibaba Cloud to the Group. The 2020 Technology Services Framework Agreement shall be for a term commencing on 1 January 2020 and ending on 31 December 2022. The Company expects that the maximum aggregate fees payable to Alibaba Cloud by the Group under the 2020 Technology Services Framework Agreement will not be more than HK$3,300,000 for the year ending 31 December 2020, HK$4,000,000 for the year ending 31 December 2021 and HK$4,800,000 for the year ending 31 December 2022.

Ali Fortune, the controlling shareholder of the Company, is indirectly held as to 60% by Alibaba Holding. Accordingly, Alibaba Cloud, being a consolidated entity of Alibaba Holding, is an associate of Ali Fortune and therefore a connected person of the Company. The transactions contemplated under the 2020 Technology Services Framework Agreement thus constitute CCTs of the Company under Chapter 20 of the GEM Listing Rules.

As each of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the 2020 Technology Services Framework Agreement is less than 5%, the transactions contemplated under the 2020 Technology Services Framework Agreement are subject to the annual review, reporting and announcement requirements, but exempt from the circular and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. For details of these CCTs, please refer to the announcement of the Company dated 20 December 2019.

USE OF PROCEEDS FROM THE SUBSCRIPTION

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

As disclosed in the announcement of the Company dated 9 February 2018 (the "**Re-allocation Announcement**"), the Company has re-allocated the use of the Net Proceeds totalling approximately HK$2,032 million that remained as at 31 January 2018 (the "**Remaining Net Proceeds**") so as to redirect the resources towards the current business divisions of the Group and to improve the efficiency and effectiveness of the use of such Net Proceeds for the business development of the Group.

The amount of the Remaining Net Proceeds was calculated based on the assumption that the Convertible Bonds would be converted in full by Ali Fortune. However, in order to maintain a public float of not less than 25% of the Company's total number of issued Shares and to allow some buffer for the Company to grant and/or vest further award Shares under the Share Award Scheme to/in the directors of the Group who are regarded as "connected persons" of the Company under the GEM Listing Rules, not all the conversion rights attaching to the Convertible Bonds had been exercised by Ali Fortune on or before their Maturity Date, and the Company redeemed the remaining Convertible Bonds in an aggregate principal amount of HK$232,608,165 on the Maturity Date pursuant to the instrument of the Convertible Bonds (the "**CB Redemption**"). Accordingly, the Remaining Net Proceeds have been adjusted downwards to approximately HK$1,799 million (the "**Adjusted Remaining Net Proceeds**") to take into account the effect of the CB Redemption.

From 10 August 2016 (being the date of Completion) up to and including 31 January 2018, approximately HK$348 million in total has been used by the Group (For breakdowns of the usage of such Net Proceeds up to and including 31 January 2018, please refer to pages 2 and 3 of the Re-allocation Announcement). From 1 February 2018 up to and including 31 December 2019, approximately HK$780.3 million in total has been used by the Group in each of 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$1,018.7 million remained as at 31 December 2019, which were placed in the bank accounts of the Group.

Business divisions of the Group, or investment, acquisition or general corporate purposes, to which the Adjusted Remaining Net Proceeds are intended to be allocated	Amount brought forward from 31 January 2018, re-allocated and intended to be used (as disclosed in the Re-allocation Announcement and adjusted for the CB Redemption, where applicable)	Amount actually used from 1 February 2018 up to and including 31 December 2019	Actual application of the Adjusted Remaining Net Proceeds (with expected timeline of usage of unused proceeds and explanations for material difference from intended usage, if any)
(i) Games and Entertainment:			
(a) development, operation and promotion of the Chinese card game, GuanDan, and Two-on-One Poker *(b) development, operation and promotion of the mind sports, leisure games and entertainment* *(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*	approximately HK$513 million (or approximately 28.5% of Adjusted Remaining Net Proceeds) (Note)	approximately HK$97.7 million	The Adjusted Remaining Net Proceeds were used in items(i)(a) to (i)(e). Over the course of 2018 and 2019, we noted that certain PRC government's directives were issued to closely regulate the administration of the online games industry and the PRC government had paid attention to the internet industry, which raised uncertainties to the PRC's overall games industry and hence the Group's "Games and Entertainment" business in the PRC. As a result of the foregoing, the usage of the Adjusted Remaining Net Proceeds allocated to "Games and Entertainment" business has generally been slower than planned. The Adjusted Remaining Net Proceeds allocated to "Games and Entertainment" are expected to be used on or before 31 December 2020, subject to the continuous monitoring and measures of the Group in response to the potential impact of the COVID-19 on the expected usage and timeline of the Adjusted Remaining Net Proceeds as mentioned in the section headed "Significant event after the reporting period" above.
(ii) Lottery Hardware, Lottery Games & Systems:			
(a) operation and development of lottery hardware and terminal production *(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) funding the remaining consideration for the Score Value Transaction contingent upon certain performance targets*	approximately HK$200 million (or approximately 11.1% of Adjusted Remaining Net Proceeds)	approximately HK$187.2 million	The Adjusted Remaining Net Proceeds were used in items (ii)(a) to (ii)(e). No material difference from intended usage noted. The Adjusted Remaining Net Proceeds allocated to "Lottery Hardware, Lottery Games & Systems" are expected to be used on or before 31 December 2020, subject to the continuous monitoring and measures of the Group in response to the potential impact of the COVID-19 on the expected usage and timeline of the Adjusted Remaining Net Proceeds as mentioned in the section headed "Significant event after the reporting period" above.

Business divisions of the Group, or investment, acquisition or general corporate purposes, to which the Adjusted Remaining Net Proceeds are intended to be allocated	Amount brought forward from 31 January 2018, re-allocated and intended to be used (as disclosed in the Re-allocation Announcement and adjusted for the CB Redemption, where applicable)	Amount actually used from 1 February 2018 up to and including 31 December 2019	Actual application of the Adjusted Remaining Net Proceeds (with expected timeline of usage of unused proceeds and explanations for material difference from intended usage, if any)
(iii) Lottery Distribution:			
(a) sales, marketing and distribution of virtual lottery games *(b) sales, marketing and distribution of instant scratch lottery games* *(c) sales, marketing and distribution of other categories of lottery games* *(d) online sales, marketing and distribution of lottery products (including but not limited to the future cooperation with Taobao (China) Software Co., Ltd. and Alipay.com Co., Ltd.)*	approximately HK$300 million (or approximately 16.7% of Adjusted Remaining Net Proceeds)	approximately HK$133.9 million	The Adjusted Remaining Net Proceeds were primarily used in items (iii)(a) to (iii)(d). No material difference from intended usage noted. The Adjusted Remaining Net Proceeds allocated to "Lottery Distribution" are expected to be used on or before 31 December 2020, subject to the continuous monitoring and measures of the Group in response to the potential impact of the COVID-19 on the expected usage and timeline of the Adjusted Remaining Net Proceeds as mentioned in the section headed "Significant event after the reporting period" above.
(iv) Investment project(s) and acquisition(s):			
(a) potential investment project(s) in overseas markets in areas of lottery business and games and entertainment business *(b) potential acquisition(s) of businesses engaged in lottery business and games and entertainment business* *(c) capital investments in the Group's joint venture company established with One 97 Communications Limited in India* *(d) funding provided by the Group to support business expansion and ongoing operation in overseas markets*	approximately HK$450 million (or approximately 25.0% of Adjusted Remaining Net Proceeds)	approximately HK$123.6 million	The Adjusted Remaining Net Proceeds were used in items (iv)(a) to (iv)(d). The Group has been continuing its efforts in identifying suitable acquisition targets and has been in discussion with potential acquisition targets. It was found that such targets may not be able to achieve the level of strategic synergy and growth value expected by the Group. As a result, the progress of such potential acquisitions has been slowed down. Therefore, the usage of the Adjusted Remaining Net Proceeds allocated to "Investment project(s) and acquisition(s)" has generally been slower than planned. The Adjusted Remaining Net Proceeds allocated to "Investment project(s) and acquisition(s)" are expected to be used on or before 31 December 2020, subject to the continuous monitoring and measures of the Group in response to the potential impact of the COVID-19 on the expected usage and timeline of the Adjusted Remaining Net Proceeds as mentioned in the section headed "Significant event after the reporting period" above.

Business divisions of the Group, or investment, acquisition or general corporate purposes, to which the Adjusted Remaining Net Proceeds are intended to be allocated	Amount brought forward from 31 January 2018, re-allocated and intended to be used (as disclosed in the Re-allocation Announcement and adjusted for the CB Redemption, where applicable)	Amount actually used from 1 February 2018 up to and including 31 December 2019	Actual application of the Adjusted Remaining Net Proceeds (with expected timeline of usage of unused proceeds and explanations for material difference from intended usage, if any)
(v) General corporate purposes:			
(a) staff costs and other administrative expenses of the Group (including the costs relating to the Share Award Scheme)	approximately HK$336 million (or approximately 18.7% of Adjusted Remaining Net Proceeds)	approximately HK$237.9 million	The Adjusted Remaining Net Proceeds were used in items (v)(a) to (v)(b).
(b) general working capital of the Group			No material difference from intended usage noted. The Adjusted Remaining Net Proceeds allocated to "General corporate purposes" are expected to be used on or before 31 December 2020, subject to the continuous monitoring and measures of the Group in response to the potential impact of the COVID-19 on the expected usage and timeline of the Adjusted Remaining Net Proceeds as mentioned in the section headed "Significant event after the reporting period" above.
Grand total:	**approximately HK$1,799 million**	**approximately HK$780.3 million**	

Note: This amount has been adjusted downwards from approximately HK$746 million as stated in the Re-allocation Announcement to approximately HK$513 million as a result of the CB Redemption in the sum of approximately HK$233 million.

UPDATE ON SCORE VALUE TRANSACTION

Status of outstanding deferred consideration for the Score Value Transaction

Pursuant to the Score Value Agreement in respect of the Score Value Transaction, the Company or the Purchaser shall be required to pay deferred consideration in a maximum amount of HK$300 million to the vendors of Score Value upon fulfilment of certain pre-conditions at a later stage, including obtaining the approval of the relevant PRC government authority for the lottery game to be supplied by a subsidiary of Score Value ("**Game Approval Pre-condition**") and meeting the profit guarantees of an average of RMB20.0 million (equivalent to approximately HK$25.2 million, according to the then exchange rate of HK$1.26 to RMB1.00) per year provided by such vendors in respect of the Shenzhen Subsidiary of Score Value for each of the three financial years ended 31 December 2015, 2016 and 2017 as described in the paragraph headed "Deferred Consideration" on pages 9 and 10 of the Score Value Circular.

As of the date hereof, the Game Approval Pre-condition has not yet been fulfilled but the parties to the Score Value Agreement have mutually agreed to further extend the deadline for fulfilment of such pre-condition to 31 December 2020. Accordingly, the First Deferred Consideration, Second Deferred Consideration and Third Deferred Consideration as described under the paragraph headed "Deferred Consideration" on page 9 of the Score Value Circular have not been paid to the vendors of Score Value.

The Company will make further announcement(s) in due course when the status of the outstanding deferred consideration settlements can be ascertained.

AUDIT COMMITTEE

The audit committee of the Company comprises three independent non-executive Directors, namely, Ms. Monica Maria Nunes, Mr. Feng Qing and Dr. Gao Jack Qunyao. The consolidated results of the Group for the year ended 31 December 2019 have been reviewed by the audit committee.

The figures in respect of this announcement of the Group's consolidated profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereon for the year ended 31 December 2019 have been agreed by the Company's external auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2019. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by PricewaterhouseCoopers on this announcement.

DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had made specific enquiry of all Directors and was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding Directors' securities transactions during the year under review.

During the year under review, letters were sent to Directors before the commencement of the "black-out periods" in preparation for the annual, interim and quarterly results announcements to remind them that they should not deal in the securities of the Company during such periods.

SHARE OPTIONS

A new share option scheme of the Company was approved by the Shareholders at the special general meeting held on 23 December 2014 (the "**2014 Scheme**") and was adopted by the Company on the same date in place of the former share option scheme of the Company adopted on 18 November 2004 (the "**2004 Scheme**") (which had expired on 17 November 2014).

Under the 2014 Scheme, the total number of Shares which may be issued upon exercise of all options granted under such scheme (and other share option schemes of the Company, if any) shall not exceed the "scheme mandate limit" of 443,431,786 Shares (being 10% of the Shares in issue on the date of the special general meeting of the Company held on 23 December 2014 for the purpose of, among other things, approving such scheme).

During the year ended 31 December 2019, no options were granted by the Company pursuant to the Share Option Schemes. No options were cancelled but options in respect of 200,000 Shares were forfeited, whereas options in respect of 97,407,752 Shares had expired during the year ended 31 December 2019. As at the date of this announcement, the total number of Shares still available for issue under the Share Option Schemes (excluding, for the purpose of calculating the "scheme mandate limit", any options granted under the 2014 Scheme but forfeited or expired in accordance with the terms of such scheme) shall be 232,648,787 Shares, representing approximately 2% of the Company's issued share capital as at that date.

No options were exercised during the year ended 31 December 2019.

As at 31 December 2019, the number of Shares in respect of which options had been granted and remained outstanding under the Share Option Schemes was 80,660,698 (2018: 178,268,450), representing approximately 1% (2018: 2%) of the Company's issued share capital as at that date.

GRANT OF AWARD SHARES PURSUANT TO SHARE AWARD SCHEME

As disclosed in the announcement of the Company dated 17 March 2017, the Company has adopted the Share Award Scheme on 17 March 2017 (the "**Adoption Date**") which will allow the Company to grant award Shares to selected participants as incentives and/or rewards for their contribution to the Group.

On 17 May 2019, the Board granted a total of 55,200,000 award Shares to 7 directors of subsidiaries of the Company and certain eligible persons under the Share Award Scheme. The 55,200,000 award Shares granted represent approximately 0.47% of the issued share capital of the Company as at the date of this announcement. Based on the closing price of HK$0.45 per Share on the date of grant of the award Shares, the market value of the 55,200,000 award Shares in aggregate is HK$24,840,000.

On 9 December 2019, the Board granted a total of 16,100,000 award Shares to Mr. Sun Ho, an executive Director and certain eligible persons under the Share Award Scheme. The 16,100,000 award Shares granted represent approximately 0.14% of the issued share capital of the Company as at the date of this announcement. Based on the closing price of HK$0.315 per Share on the date of grant of the award Shares, the market value of the 16,100,000 award Shares in aggregate is HK$5,071,500.

During the year under review, the trustee of the Share Award Scheme (the "**Trustee**") has purchased a total of 75,832,000 Shares on the Stock Exchange at a total consideration of approximately HK$28.4 million to satisfy award Shares granted under the Share Award Scheme.

During the year under review, 71,300,000 award Shares were granted by the Company pursuant to the Share Award Scheme, 35,348,425 award Shares were vested in the grantees and 32,052,400 award Shares were forfeited.

All of the 71,300,000 award Shares were granted by way of acquisition of existing Shares through on-market transactions by the Trustee. The Board shall cause to pay the Trustee the purchase price and the related expenses from the Company's cash resources. The Trustee shall purchase from the market the relevant number of award Shares and shall hold the award Shares on trust for the relevant selected participants until they are vested in such selected participants and delivered in accordance with the terms of the Share Award Scheme. There is no condition, performance target or lock up restriction attached to the award Shares.

In the event that the Board elects to issue new Shares to satisfy any award Shares to be granted under the Share Award Scheme in the future, the maximum number of new Shares so issued shall be limited to 3% of the total issued Shares as at the Adoption Date (i.e. 315,426,263 Shares). The total number of issued Shares as at the Adoption Date was 10,514,208,770.

CORPORATE GOVERNANCE PRACTICES

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

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

During the year under review, the Company complied with the Code except for the following deviations:

(a) under the Code provision A.2.1, 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 the executive Director, Mr. Sun Ho, during the year under review. The Company considered that the combination of the roles of chairman and CEO could effectively formulate and implement the strategies of the Company. The Company considered that under the supervision of its Board and 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 the Code provision A.4.2, 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 year under review, the chairman of the Board was not subject to retirement by rotation, as the Board considered that the continuity of the office of the chairman provided the Group with strong and consistent leadership and was of great importance to the smooth operations of the Group;

(c) under the Code provision A.2.7, 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 year under review, 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 the Code provision A6.6, 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 organisations and other significant commitments. During the year under review, 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 were 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 did not necessarily indicate accurately the efficiency of such Director and the effectiveness of his/her work, and may therefore be misleading;

(e) under the Code provision B.1.2(c), 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 the Code provision B.1.5, 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 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;

(g) under the Code provision E.1.5, 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 29 and 30 of the Company's annual report for the year ended 31 December 2018, and on pages 47 to 50 of the Company's interim report for the six months ended 30 June 2019.)

CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2019, the Group continued the following continuing connected transactions ("**CCTs**"), details of which had been disclosed in compliance with the requirements of Chapter 20 of the GEM Listing Rules:

CCTs with Alibaba Group

1. As disclosed in the circular of the Company dated 20 February 2017, the Company entered into a framework agreement (the "**Framework Agreement**") with Alibaba Holding on 25 January 2017, pursuant to which the Group shall (i) utilise certain channels and networks of Alibaba Group for the sales and distribution of lottery products and other services on a 50:50 revenue-sharing basis (after deduction of taxes or expenses payable to third party service providers or partners); and (ii) purchase technology services from Alibaba Group to strengthen the Group's online presence and its online customer-base, and to develop technology that will enable the Group to prepare for the potential re-opening of the online lottery distribution market in the PRC (collectively, the "**Channel Transactions**"), subject to the original annual cap amounts of RMB41,500,000, RMB63,500,000 and RMB69,850,000 for a term commencing from 8 March 2017 (i.e. the effective date of the Framework Agreement) and ending on 31 December 2019. Ali Fortune, the controlling shareholder of the Company, is indirectly held as to 60% by Alibaba Holding. Accordingly, Alibaba Holding is an associate of Ali Fortune and hence a connected person of the Company. The transactions contemplated under the Framework Agreement constituted CCTs under Chapter 20 of the GEM Listing Rules and such agreement (together with the annual cap amounts in respect of such transactions for the period from 8 March 2017 to 31 December 2017 and for the two years ended 31 December 2018 and 2019 respectively) had been approved by the Shareholders at the special general meeting of the Company held on 8 March 2017.

2. As the Channel Transactions (in particular the sale and distribution of other services) had been running more smoothly and developing more sustainably during the year ended 31 December 2017 since their commencement, the Group increased the original annual cap amounts for the Channel Transactions to the revised annual cap amounts of RMB106,021,000, RMB251,093,000 and RMB360,951,000 for the period from 8 March 2017 to 31 December 2017 and for the two years ended 31 December 2018 and 2019 respectively (the "**Revised Channel Cap(s)**") in order to cater for the development of the Channel Transactions. The Revised Channel Caps are determined mainly with reference to the estimated income for the sale and distribution of the lottery products and other services, which is determined based on projected revenue and costs in respect of the sales and distribution of lottery products and other services taking into account the historical amount and growth rate during the period from 8 March 2017 to 31 July 2017, as well as the expected future growth rate and the Group's business plan. For details, please refer to the circular of the Company dated 4 December 2017. The Revised Channel Caps had been approved by the Shareholders at the special general meeting of the Company held on 20 December 2017.

3. As disclosed in the circular of the Company dated 4 December 2017, the Company and 浙江天貓技術有限公司 (Zhejiang Tmall Technology Company Limited*) ("**Tmall**") entered into a procurement framework agreement (the "**Procurement Framework Agreement**") on 29 August 2017, subject to the annual cap amounts in respect of the marketing fees payable by the Group to Alibaba Merchants under the Procurement Framework Agreement of RMB52,343,000, RMB389,811,000 and RMB570,722,000 for the period from 20 December 2017 (i.e. the effective date of such agreement) to 31 December 2017 and for the two years ended 31 December 2018 and 2019 respectively (the "**Procurement Cap(s)**"). The Procurement Caps are determined mainly with reference to the projected amount of marketing fees which is estimated taking into account factors including (i) the historical figures of the value of the products purchased by the online users and the proportion of such products offered by Alibaba Merchants during the period from 8 March 2017 to 31 July 2017; (ii) the estimated growth in the value of the products to be purchased by online users; and (iii) the Group's projected marketing initiatives and campaigns to promote and boost online users' activities on certain online platforms of Alibaba Group utilised and operated by the Group for conducting the transactions pursuant to the Framework Agreement and the Procurement Framework Agreement. Ali Fortune, the controlling shareholder of the Company, is indirectly held as to 60% by Alibaba Holding. Tmall is a wholly-owned subsidiary of Alibaba Holding. Accordingly, each of Alibaba Holding and Tmall is an associate of Ali Fortune and hence a connected person of the Company. The transactions contemplated under the Procurement Framework Agreement constituted CCTs under Chapter 20 of the GEM Listing Rules and such agreement (together with the Procurement Caps) had been approved by the Shareholders at the special general meeting of the Company held on 20 December 2017.

During the year ended 31 December 2019, the Group entered into the following transactions with Alibaba Group:

Nature of transactions	**Total amount** *(RMB'000)*
(i) In respect of the Framework Agreement:	
The Group's utilisation of certain channels and networks of Alibaba Group for sales and distribution of lottery products and other services on a 50:50 revenue-sharing basis and the Group's purchase of technology services from Alibaba Group	2,816 [Note a]
(ii) In respect of the Procurement Framework Agreement:	
The Group's payment of marketing fees to Alibaba Merchants for supply of products or services offered to individual users on certain online platforms operated by the Group at a discounted price	666 [Note b]

Notes:

a. The aggregate amount of these transactions amounted to RMB2,816,000 for the year ended 31 December 2019, which fell within the Revised Channel Cap of RMB360,951,000 for such year.

b. The aggregate amount of these transactions amounted to RMB666,000 for the year ended 31 December 2019, which fell within the Procurement Cap of RMB570,722,000 for such year.

CCTs with Ant Financial Group

4. The Company and Alipay, which is a wholly-owned subsidiary of Ant Financial, entered into a framework agreement (the "**Alipay Framework Agreement**") on 23 March 2017, whereby the Group shall provide online activities and services which are not subject to the applicable PRC lottery laws and regulations, including information subscription and other content, and the sales and distribution of the lottery and its relevant products that the Group has developed or is authorised to operate (in online form), in the event that and so long as it is allowed under applicable laws and regulations in the PRC, on the lottery channel(s) of the online platform(s) of Alipay Group (the "**Alipay Lottery Channel**") on a 50:50 revenue-sharing basis (after deduction of taxes or expenses payable to third party service providers or partners) under the Alipay Framework Agreement. The Group believes that the operation of the Alipay Lottery Channel can help strengthen the Group's online presence and its online customer-base, and will enable the Group to prepare for the potential re-opening of the online lottery distribution market in the PRC. As disclosed in the announcement of the Company dated 23 March 2017, Ant Financial Group (including Alipay) are deemed by the Stock Exchange as connected persons of the Company pursuant to Rule 20.17 of GEM Listing Rules.

In addition, Ant Financial is a "30%-controlled company" (as defined under the GEM Listing Rules) held by Alibaba Holding, which, in turn, holds an indirect 60% equity interest in the controlling shareholder of the Company, Ali Fortune. Hence, each of Alibaba Holding, Ant Financial and Alipay is an associate of Ali Fortune and a connected person of the Company under the GEM Listing Rules. Accordingly, the transactions contemplated under the Alipay Framework Agreement constituted CCTs under Chapter 20 of the GEM Listing Rules.

The transactions contemplated under the Alipay Framework Agreement are subject to the annual cap amounts of RMB13,300,000, RMB13,300,000 and RMB13,300,000 for the period from 23 March 2017 (i.e. the date of such agreement) to 31 December 2017 and for the two years ended 31 December 2018 and 2019 respectively (the "**Alipay Cap(s)**"). The Alipay Caps include potential income generated from online activities and services on the Alipay Lottery Channel, calculated with reference to the traffic volume of and the income generated from comparable online platform(s) of the Alipay Group, and having considered that the business cooperation on the Alipay Lottery Channel will still be at a start-up stage and the potential income will be affected by the actual implementation of the cooperation model and the market conditions and reactions thereof. Since one or more of the applicable percentage ratios as defined in the GEM Listing Rules in respect of the highest Alipay Cap for the transactions is 0.1% or more but less than 5%, the transactions contemplated under the Alipay Framework Agreement are subject to the annual review, reporting and announcement requirements but exempt from the independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

During the year ended 31 December 2019, the Group entered into the following transactions with Ant Financial Group:

Nature of transactions	**Total amount** *(RMB'000)*
In respect of the Alipay Framework Agreement:	
The Group's utilisation of certain channels on the online platforms of Alipay Group for operation of online activities or services which are not subject to the applicable PRC lottery laws and regulations, and sales and distribution of lottery products (in online form) on a 50:50 revenue-sharing basis	8 [Note a]

Note:

a. The aggregate amount of these transactions amounted to RMB8,000 for the year ended 31 December 2019, which fell within the Alipay Cap of RMB13,300,000 for such year.

Annual review of CCTs

The independent non-executive Directors reviewed the CCTs set out above, and confirmed that the CCTs set out above have been entered into:

(i) in the ordinary and usual course of the business of the Group;

(ii) on normal commercial terms or on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and

(iii) in accordance with the relevant agreements governing them and are on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The independent non-executive Directors also considered that the internal control procedures put in place by the Group to monitor the CCTs are adequate and effective. The Directors confirm that the Company has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

The Company's auditor was engaged to report on the Group's CCTs in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor had issued its unqualified letter containing its findings, conclusions and confirmations in respect of the CCTs disclosed above in accordance with Rule 20.54 of the GEM Listing Rules. A copy of the auditor's letter had been provided by the Company to the Stock Exchange.

During the year ended 31 December 2019, the Company reviewed its related party transactions and confirmed that, save as disclosed above, there was no connected transaction or continuing connected transaction of the Company which is required to be disclosed pursuant to Chapter 20 of the GEM Listing Rules.

INTERESTS IN COMPETING BUSINESS

None of the Directors, controlling shareholder of the Company and their respective associates have an interest in a business, which competes or may compete with the businesses of the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this announcement, based on information that is publicly available to the Company and within the knowledge of the Directors, the Company maintained sufficient public float of the Shares, representing no less than 25% of the total issued Shares as required under the GEM Listing Rules.

DEFINITIONS

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

"Adjusted Remaining Net Proceeds"	has the meaning given to it under the section headed "USE OF PROCEEDS FROM THE SUBSCRIPTION" in this announcement
"AGT"	Asia Gaming Technologies Limited, a company incorporated in Hong Kong owned as to 51% by the Company
"Ali Fortune"	Ali Fortune Investment Holding Limited, a company incorporated in the British Virgin Islands 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)
"Alibaba Merchants"	merchants which are subsidiaries of or companies controlled by Alibaba Holding
"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 Financial

"Ant Financial"	浙江螞蟻小微金融服務集團股份有限公司 (Ant Small and Micro Financial Services Group Co., Ltd.*), a company incorporated in the PRC
"Ant Financial Group"	Ant Financial and its subsidiaries
"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 as an exempted company with limited liability and its issued Shares are listed on GEM
"Conversion Shares"	new Shares to be issued upon the exercise of the conversion rights under the Convertible Bonds
"Convertible Bonds"	the convertible bonds of the Company issued to Ali Fortune under the Subscription
"Director(s)"	the director(s) of the Company
"GEM"	GEM operated by the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Macau"	the Macau Special Administrative Region of the PRC
"PRC" or "China"	the People's Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
"province(s)"	province(s), municipality(ies) and autonomous region(s) of the PRC unless otherwise specified, and "provincial" shall be construed accordingly

"Purchaser"	Silvercreek Technology Holdings Limited, a wholly-owned subsidiary of the Company, the purchaser in respect of the Score Value Transaction
"RMB"	Renminbi, the lawful currency of the PRC
"Score Value"	Score Value Limited, an indirect wholly-owned subsidiary of the Company, the target in respect of the Score Value Transaction
"Score Value Agreement"	the sale and purchase agreement dated 17 November 2014 entered into between the Company, the Purchaser, Score Value and the Vendors in respect of the Score Value Transaction
"Score Value Circular"	the circular of the Company dated 8 December 2014 in respect of the Score Value Transaction
"Score Value Transaction"	the acquisition of the entire equity interest in Score Value by the Company as contemplated under the Score Value Agreement at a maximum consideration of HK$489.5 million (subject to downward adjustments) which shall be satisfied as to HK$239.5 million in cash and as to HK$250.0 million by way of the allotment and issue of a maximum of 168,918,918 Consideration Shares (being new Shares to be issued by the Company as defined in the Score Value Circular) at the issue price of HK$1.48 per Share
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.002 each in the share capital of the Company
"Share Award Scheme"	the share award scheme of the Company adopted on 17 March 2017
"Share Option Schemes"	the share option schemes of the Company adopted on 18 November 2004 and 23 December 2014 respectively
"Shareholder(s)"	holder(s) of the Share(s)

"Shenzhen Subsidiary"	深圳中林瑞德科技有限公司 (Shenzhen Zoom Read Tech Co., Ltd.*), a company incorporated in the PRC with limited liability and is an indirect wholly-owned subsidiary of Score Value
"SLAC"	sports lottery administration centre
"Sports Lottery"	the national sports lottery of China
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription"	the subscription for 4,817,399,245 new Shares and Convertible Bonds in the aggregate principal amount of HK$712,582,483 by Ali Fortune, which was completed on 10 August 2016
"Taobao"	淘寶(中國)軟件有限公司(Taobao (China) Software Co., Ltd.*), a company incorporated in the PRC and a subsidiary of Alibaba Holding
"US$"	United States dollars, the lawful currency of the United States of America
"Vendors"	Immense Wisdom Limited and King Achieve Limited, the vendors in respect of the Score Value Transaction
"Welfare Lottery"	the national welfare lottery of China
"%"	per cent

Notes:

1. In this announcement, the exchange rate of HK$1.1346 to RMB1.00 has been used for reference only.

2. The English translation of the Chinese company names in this announcement 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 announcement shall prevail over the Chinese text.

* *For identification purposes only*

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

Hong Kong, 20 March 2020

As at the date of this announcement, the Board comprises (i) Mr. Sun Ho and Ms. Hu Taoye as executive Directors; (ii) Mr. Yang Guang, Mr. Li Faguang, Mr. Ji Gang and Mr. Zou Liang as non-executive Directors; and (iii) Ms. Monica Maria Nunes, Mr. Feng Qing and Dr. Gao Jack Qunyao as independent non-executive Directors.

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