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**AGTech Holdings Limited**

**亞博科技控股有限公司\***

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 8279)**

## **MEMORANDUM OF UNDERSTANDING IN RELATION TO THE POSSIBLE ACQUISITION**

This announcement is made by the Company pursuant to Part XIVA of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong and Rule 17.10 of the GEM Listing Rules.

The Board announces that on 15 July 2014 (after trading hours), the Purchaser (being a wholly-owned subsidiary of the Company), the Company, the Vendors and the Target entered into the MOU in relation to the possible acquisition by the Purchaser of 100% equity interest in the Target (i.e. the Possible Acquisition). The Target Group is principally engaged in the provision of lottery equipment and maintenance services, and design of lottery games and system development in the PRC.

Subject to the terms of the Formal Agreement, the Consideration shall be not more than HK\$489,500,000 (subject to any downward adjustment to be made in accordance with the Formal Agreement), of which not more than HK\$189,500,000 shall be satisfied in cash, and not more than HK\$300,000,000 by way of allotment and issue of the Consideration Shares.

The MOU is non-legally binding save for the provisions relating to, among other things, the Consideration (including the terms of the Consideration Shares and the Bonus Option), the Profit Guarantee, due diligence, exclusivity, confidentiality and governing law of the MOU.

\* For identification purpose only

**The Possible Acquisition may or may not proceed. Shareholders and investors are reminded to exercise caution when dealing in the Company's Shares. The Possible Acquisition, if it materialises, may constitute a major acquisition for the Company under the GEM Listing Rules. Should the Company enter into the Formal Agreement or decide to terminate the MOU or if there are any material developments with respect to the Possible Acquisition, the Company will make further announcement(s) in accordance with the GEM Listing Rules as and when appropriate.**

## **THE MOU**

Set out below are the material terms of the MOU:

- Date** : 15 July 2014 (after trading hours)
- Parties** : (i) the Company;
- (ii) Silvercreek Technology Holdings Limited, being the Purchaser;
- (iii) King Achieve Limited, being one of the Vendors;
- (iv) Immense Wisdom Limited, being one of the Vendors; and
- (v) Score Value Limited, being the Target.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Target and the Vendors (and their ultimate beneficial owners) are not connected persons (as defined under the GEM Listing Rules) of the Company and are independent third parties of the Company and its connected persons.

### **Assets to be acquired:**

The assets to be acquired are the entire equity interest in the Target.

### **Consideration:**

#### *Consideration Shares*

Subject to the terms of the Formal Agreement, the Consideration shall be not more than HK\$489,500,000 (subject to any downward adjustment to be made in accordance with the Formal Agreement), of which not more than HK\$189,500,000 shall be satisfied in cash, and not more than HK\$300,000,000 by way of allotment and issue of the Consideration Shares.

The Consideration may be adjusted downward in accordance with the mechanism to be agreed upon among the parties under the Formal Agreement. Assuming no downward adjustment is required, the Company shall allot and issue to the Vendors a total of 178,571,428 Consideration Shares, representing approximately 4.06% of the existing issued share capital of the Company as at the date of this announcement; and approximately 3.90% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares.

The proposed issue price of HK\$1.68 per Consideration Share represents:

- (i) a premium of approximately 10.53% over the closing price of the Shares of HK\$1.52 per Share as quoted on the Stock Exchange on 15 July 2014;
- (ii) a premium of approximately 18.64% over the average of the closing prices of the Shares of HK\$1.416 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 15 July 2014; and
- (iii) a premium of approximately 20.26% over the average of the closing prices of the Shares of HK\$1.397 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including 15 July 2014.

#### *Bonus Option*

In addition to the Consideration, and subject to the terms and conditions of the Formal Agreement, the Company will also grant to the Vendors the Bonus Option in an aggregate amount of HK\$300,000,000 on or before 12 January 2015. The Bonus Option has an exercise period of two years from the date of its grant. However, the exercise of the Bonus Option is subject to the condition that the Target Group has to fulfill pre-agreed business performance milestones in terms of the number of provinces in which its lottery game can launch sales in the future.

Assuming the milestone condition set out above is fulfilled, the Bonus Option shall entitle the Vendors to subscribe for up to 150,000,000 Option Shares, representing approximately 3.41% of the existing issued share capital of the Company as at the date of this announcement; and approximately 3.18% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares and the Option Shares.

The proposed exercise price of HK\$2.00 per Option Share represents:

- (i) a premium of approximately 31.58% over the closing price of the Shares of HK\$1.52 per Share as quoted on the Stock Exchange on 15 July 2014;
- (ii) a premium of approximately 41.24% over the average of the closing prices of the Shares of HK\$1.416 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 15 July 2014; and
- (iii) a premium of approximately 43.16% over the average of the closing prices of the Shares of HK\$1.397 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including 15 July 2014.

**Profit Guarantee:**

The Vendors agreed to guarantee in the Formal Agreement that the net profit after taxation of one of the wholly-owned subsidiaries of the Target for each of the three years ending 31 December 2015, 2016 and 2017 shall be not less than RMB20,000,000 (equivalent to approximately HK\$25,000,000) (the “**Profit Guarantee**”). In the event that the Profit Guarantee is not met, the Consideration will be adjusted downward in accordance with the mechanism to be agreed upon among the parties under the Formal Agreement.

**Due Diligence:**

After entering into the MOU, the Purchaser is entitled to conduct a due diligence review on the financials, business, legal, technical and other matters of the Target Group.

**Exclusivity period:**

The Vendors agree and undertake to grant to the Purchaser an exclusivity period of three (3) months from the date of the MOU, during which the Vendors (and the Target Group), without prior consent from the Purchaser, shall not directly or indirectly solicit, accept any offer from, or negotiate with any parties in respect of any possible acquisition or disposal of the whole or part of the equity interest in the Target or any assets of the Target Group, and the Vendors (and the Target Group) shall inform the Purchaser forthwith if the Vendors are aware of any proposal or offer made by any other parties relating to the subject matter of the Possible Acquisition. The parties to the MOU may terminate the MOU upon expiry of the exclusivity period or, if mutually agreed, extend the exclusivity period to facilitate further negotiations.

**Legal effect:**

The MOU is non-legally binding save for the provisions relating to, among other things, the Consideration (including the terms of the Consideration Shares and the Bonus Option), the Profit Guarantee, due diligence, exclusivity, confidentiality and governing law of the MOU.

**Information on the Target Group:**

The Target Group is principally engaged in the provision of lottery equipment and maintenance services, and design of lottery games and system development in the PRC.

**The Possible Acquisition may or may not proceed. Shareholders and investors are reminded to exercise caution when dealing in the Company’s Shares. The Possible Acquisition, if it materialises, may constitute a major acquisition for the Company under the GEM Listing Rules. Should the Company enter into the Formal Agreement or decide to terminate the MOU or if there are any material developments with respect to the Possible Acquisition, the Company will make further announcement(s) in accordance with the GEM Listing Rules as and when appropriate.**

## DEFINITIONS

Unless the context requires otherwise, the capitalised terms used in this announcement shall have the following meanings:

|                        |                                                                                                                                                                                                                                                                                                                  |
|------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Board”                | the board of Directors                                                                                                                                                                                                                                                                                           |
| “Bonus Option”         | the option to be granted by the Company to the Vendors and exercisable by the Vendors upon fulfilment of certain milestone conditions under the Formal Agreement, entitling the Vendors to subscribe for up to 150,000,000 new Shares at an exercise price of HK\$2.00 per Share within a 2-year exercise period |
| “BVI”                  | British Virgin Islands                                                                                                                                                                                                                                                                                           |
| “Company”              | AGTech Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on GEM (stock code: 8279)                                                                                                                                                            |
| “Consideration”        | consideration for the Possible Acquisition                                                                                                                                                                                                                                                                       |
| “Consideration Shares” | new Shares to be issued by the Company to the Vendors at an issue price of HK\$1.68 each as part payment of the Consideration                                                                                                                                                                                    |
| “Director(s)”          | director(s) of the Company                                                                                                                                                                                                                                                                                       |
| “Formal Agreement”     | the formal sale and purchase agreement which may or may not be entered into in relation to the Possible Acquisition                                                                                                                                                                                              |
| “GEM”                  | the Growth Enterprise Market of the Stock Exchange                                                                                                                                                                                                                                                               |
| “GEM Listing Rules”    | the Rules Governing the Listing of Securities on GEM                                                                                                                                                                                                                                                             |
| “Group”                | the Company and its subsidiaries                                                                                                                                                                                                                                                                                 |
| “Hong Kong”            | Hong Kong Special Administrative Region of the PRC                                                                                                                                                                                                                                                               |
| “Macau”                | the Macau Special Administrative Region of the PRC                                                                                                                                                                                                                                                               |
| “MOU”                  | the memorandum of understanding dated 15 July 2014 entered into among the Company, the Purchaser, the Vendors and the Target setting out preliminary understanding in relation to the Possible Acquisition                                                                                                       |
| “Option Shares”        | the new Shares to be issued upon exercise of the Bonus Option                                                                                                                                                                                                                                                    |

|                        |                                                                                                                                                                                                        |
|------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Possible Acquisition” | the possible acquisition of the entire equity interest in the Target                                                                                                                                   |
| “PRC”                  | the People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong, Macau and Taiwan                                                                                      |
| “Purchaser”            | Silvercreek Technology Holdings Limited, a wholly-owned subsidiary of the Company                                                                                                                      |
| “Share(s)”             | ordinary share(s) of HK\$0.002 each in the issued share capital of the Company                                                                                                                         |
| “Shareholder(s)”       | holder(s) of the issued Share(s)                                                                                                                                                                       |
| “Stock Exchange”       | The Stock Exchange of Hong Kong Limited                                                                                                                                                                |
| “Target”               | Score Value Limited, a company incorporated in the BVI with limited liability, the entire equity interest of which are owned by the Vendors                                                            |
| “Target Group”         | the Target and its subsidiaries                                                                                                                                                                        |
| “Vendors”              | King Achieve Limited and Immense Wisdom Limited, both of which are companies incorporated in the BVI with limited liability and hold as to 45.4% and 54.6% equity interests in the Target respectively |
| “HK\$”                 | Hong Kong dollar(s), the lawful currency of Hong Kong                                                                                                                                                  |
| “RMB”                  | Renminbi, the lawful currency of the PRC                                                                                                                                                               |
| “%”                    | per cent.                                                                                                                                                                                              |

*Note:* The exchange rate of HK\$1.25= RMB1.00 adopted in this announcement is for illustration purpose only. It does not represent that the amounts in RMB were or may have been converted into HK\$ at such exchange rate or any exchange rate or at all.

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

Hong Kong, 15 July 2014

*As at the date of this announcement, the Board comprises (i) Mr. Sun Ho, Mr. Robert Geoffrey Ryan, Mr. Bai Jinmin and Mr. Liang Yu as executive Directors; (ii) Mr. Ho King Fung, Eric as non-executive Director; and (iii) Ms. Monica Maria Nunes, Mr. Wang Ronghua and Mr. Hua Fengmao as independent non-executive Directors.*

*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.*

*This announcement will remain on the “Latest Company Announcement” page of the GEM website operated by the Stock Exchange at [www.hkgem.com](http://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](http://www.agtech.com).*