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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)

PROFIT ALERT REDUCTION OF LOSS

This announcement is made by AGTech Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10(2)(a) of The Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company and potential investors that, based on its preliminary assessment of the latest unaudited consolidated management accounts of the Group, it is expected that the loss for the three months ended March 31, 2022 (the “**2022Q1**”) will decrease by over 60% from the loss of approximately HK\$38.7 million as recorded for the three months ended March 31, 2021 (the “**2021Q1**”).

The expected decrease in the loss as mentioned above was primarily attributable to the combination of factors including:

- (i) The Group continues to develop its lottery hardware business and expand its network of collaborating with retail sales outlets for lottery distribution, leading to an increase in revenue from these two businesses. In addition, revenue from the electronic payment business from the newly acquired wholly-owned subsidiary of the Company in Macau, Macau Pass S.A., was consolidated into the Group’s results with effect from March 24, 2022. As a result of the foregoing, there was an increase in total revenue of the Group by not less than 60% for the 2022Q1 as

compared with that for the 2021Q1. Such increase in total revenue of the Group was partially offset by: (a) corresponding increase in purchases of and changes in inventories; (b) corresponding increase in related other operating expenses; and (c) decrease in revenue from the provision of online game contents to a 45%-owned joint venture company of the Group in India, Paytm First Games Private Limited (the “**JV**”), as the JV successfully established its own research and development center in Beijing, the PRC and the Group no longer provides the JV with the technical and operational support for its fantasy sports games;

- (ii) the Group continues to implement various measures to strengthen cost controls over operating costs and expenses to enhance the Group’s competitive position in the industry, resulting in a decrease in employee benefits expenses by over 50% for the 2022Q1 as compared with those for the 2021Q1; and
- (iii) the Group is expected to record a foreign exchange gain of approximately HK\$8.5 million for the 2022Q1, representing an increase by approximately HK\$5.4 million as compared with that for the 2021Q1, as a result of the appreciation of United States dollars and Renminbi against Hong Kong dollars during the 2022Q1.

The aforesaid expected reduction of loss for the 2022Q1 was partially offset by the decrease in other income for the 2022Q1 as there was a compensation income of approximately HK\$6.8 million received by the Group in relation to the lottery games and systems business for the 2021Q1 but there was no such income for the 2022Q1.

The expected reduction of loss for the 2022Q1 as described in this announcement is based only on a preliminary assessment by the Board with reference to the Group’s unaudited consolidated management accounts and information currently available to the Company. This information has not been audited or reviewed by the auditors or the audit committee of the Company.

As the Company is still in the process of finalizing its first quarterly results for the 2022Q1 (the “**2022Q1 Results**”), the actual results may differ from what is disclosed in this announcement. Further details of the Company’s 2022Q1 Results will be provided in the Company’s 2022Q1 Results announcement.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, April 25, 2022

* *For identification purpose only*

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. Liu Zheng, Mr. Ji Gang and Mr. Zou Liang as non-executive Directors; and (iii) Mr. Feng Qing, Dr. Gao Jack Qun Yao and Mr. Chow Siu Lui as independent non-executive Directors.

This announcement, for which the directors of the Company 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 of the Company, 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 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.