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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 WARNING

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 nine months ended September 30, 2022 (the “**2022Q3**”) will increase to not less than HK\$120 million, as compared to a loss of approximately HK\$46.3 million for the nine months ended September 30, 2021 (the “**2021Q3**”).

The expected increase in the loss for 2022Q3 as mentioned above was primarily attributable to the combination of factors as follows:

- (i) there was an increase in revenue of the Group by not less than HK\$100 million for 2022Q3 mainly as a result of the consolidation of the financial statements of Macau Pass Holding Limited and its subsidiaries (the “**Macau Pass Group**”) into the financial statements of the Group upon completion of acquisition of the entire equity interest in Macau Pass Holding Limited and 1% of equity interest in Macau Pass S.A. by the Group on March 24, 2022, which was offset by an increase in other operating expenses of the Group by not less than HK\$90 million for 2022Q3 as compared to such expenses for 2021Q3, after inclusion of other operating expenses of the Macau Pass Group of not less than HK\$85 million. As a result of the outbreak of epidemic in Macau from late June to August 2022 and the ongoing government policy to request financial institutions including Macau Pass S.A. to exempt the transaction acquiring fees charged to small and medium enterprises in

Macau in 2022Q3, the Group's profitability of electronic payment business was seriously affected in 2022Q3. In September 2022, Autoridade Monetária de Macau (the Monetary Authority of Macao) promoted financial institutions to further extend the exemption of the transaction acquiring fees charged to small and medium enterprises in Macau for the Simple Pay system until the end of February 2023 in order to continuously support these enterprises;

- (ii) there was a decrease in employee benefits expenses of the Group by over 17% for 2022Q3 despite the inclusion of the Macau Pass Group's employee benefits expenses as the Group implemented restructuring last year for costs control to maintain its competitive position;
- (iii) it is expected that the depreciation and amortization expenses of the Group will increase to not less than HK\$43 million for 2022Q3, as compared to the depreciation and amortization expenses of approximately HK\$14 million for 2021Q3, mainly due to the consolidation of the depreciation and amortization expenses of the Macau Pass Group into the financial statements of the Group and amortization expenses on the fair value of identifiable intangible assets, i.e. brand name, customer and business relationship arising from the acquisition of the Macau Pass Group;
- (iv) the Group expects to record a net other loss of not less than HK\$24 million for 2022Q3, which was mainly due to the depreciation of Renminbi against Hong Kong dollars during 2022Q3, as compared to a net other gain of approximately HK\$13.3 million for 2021Q3;
- (v) it is expected that there will be an operating loss of the Group of not less than HK\$110 million for 2022Q3 as compared to the operating loss of approximately HK\$65 million for 2021Q3, mainly due to the reasons set out in paragraphs (i) to (iv) above; and
- (vi) it is expected that there will be a fair value loss on the convertible term loan facilities provided by the Group to its 45%-owned joint venture company in India, Paytm First Games Private Limited, of not less than HK\$29 million, mainly due to an increase in market interest rates during 2022Q3 as compared to a fair value gain of approximately HK\$3 million for 2021Q3.

The information contained 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 third quarterly results for 2022Q3 (the "**2022Q3 Results**"), the actual results may differ from what is disclosed in this announcement. Further details of the Company's 2022Q3 Results will be provided in the Company's 2022Q3 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, October 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. Liu Zheng, Mr. Li Jie, 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 HKEXnews website operated by the Stock Exchange at www.hkexnews.hk for at least seven days from the day of its posting and will be published on the website of the Company at www.agtech.com.