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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 (the “**Board**”) of directors (the “**Directors**”) of the Company 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 financial year ended December 31, 2022 (the “**FY2022**”) will increase to not less than HK\$136 million, as compared to a loss of approximately HK\$63 million for the financial year ended December 31, 2021 (the “**FY2021**”).

The expected increase in the loss for FY2022 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\$94 million for FY2022 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\$128 million for FY2022 as compared to such expenses for FY2021, after inclusion of other operating expenses of the Macau Pass Group. As a result of the outbreak of epidemic in Macau and Mainland China with tightened travel restriction in the second half of 2022, and Macau’s ongoing government policy to request financial institutions including Macau Pass S.A. to exempt the transaction acquiring fees charged to small and medium enterprises until the end of February 2023 in order to continuously support these enterprises, the Group’s profitability of electronic payment business was seriously affected in FY2022. The increase in total revenue of the Group was partially offset by the decrease in revenue from the lottery hardware business, which in turn led to a corresponding decrease in purchases of and changes in inventories of not less than HK\$57 million for FY2022;
- (ii) it is expected that the depreciation and amortization expenses of the Group will increase to not less than HK\$66 million for FY2022, as compared to the depreciation and amortization expenses of approximately HK\$20.6 million for FY2021, 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;
- (iii) the Group expects to record a foreign exchange loss of not less than HK\$23 million for FY2022, as compared to a net other gain on foreign exchange of approximately HK\$21.9 million for FY2021;
- (iv) it is expected that there will be impairment losses for a loan to an associate and an amount due from a joint venture of the Group of not less than HK\$18 million for FY2022, as compared to an impairment loss of approximately HK\$1.0 million for FY2021;
- (v) it is expected that there will be an operating loss of the Group of not less than HK\$154 million for FY2022 as compared to the operating loss of approximately HK\$65.8 million for FY2021, mainly due to the reasons set out in paragraphs (i) to (iv) above;

- (vi) it is expected that net finance income of the Group will increase to not less than HK\$40 million for FY2022, as compared to the net finance income of approximately HK\$17.1 million for FY2021, mainly due to the consolidation of the net finance income of the Macau Pass Group into the financial statements of the Group; and
- (vii) 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. Based on the preliminary assessment of the Company, it is anticipated that any such fair value loss will be not less than HK\$27 million for FY2022, subject to the final assessment by the valuer.

The Group has engaged independent valuers to assess whether the Group may record a loss on fair value changes of the convertible term loan facilities as mentioned in paragraph (vii) above and an impairment loss for goodwill of the Group and such assessments are still underway as at the date of this announcement. The exact amount of such losses, if any, as per the final assessments by the valuers will be disclosed in the forthcoming announcement of the Company in respect of its results for FY2022 (the “**FY2022 Results**”). The expected increase in the loss for FY2022 as mentioned above has not taken into account any possible impairment loss for goodwill of the Group pending the final assessments. The Company will issue further announcement if there is any further update which is significant to the FY2022 Results as and when necessary. 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 FY2022 Results, the actual results may differ from what is disclosed in this announcement. Further details of the Company’s FY2022 Results will be provided in the Company’s FY2022 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, March 1, 2023

\* *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 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 Listed Company Information” page of the HKEXnews website operated by the Stock Exchange at [www.hkexnews.hk](http://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](http://www.agtech.com).*