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This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited 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 Holdings Limited
亞博科技控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 8279)

**FIRST QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED MARCH 31, 2023**

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 THREE MONTHS ENDED MARCH 31, 2023

- Revenue of the Group for the Three-Month Period amounted to approximately HK\$169.9 million (Three months ended March 31, 2022: approximately HK\$35.3 million), representing an increase of approximately 381.6% over the corresponding period in 2022. For the Three-Month Period, revenue contributions were mainly derived from lottery and related business (including lottery hardware sales, provision of lottery distribution and ancillary services in Mainland China) of approximately HK\$53.2 million (Three months ended March 31, 2022: approximately HK\$31.8 million) and provision of electronic payment services in Macau of approximately HK\$116.7 million (Three months ended March 31, 2022: approximately HK\$3.5 million). The increase in revenue from lottery and related businesses by approximately HK\$21.4 million was mainly due to the increase in lottery hardware sales during the Three-Month Period. The increase in revenue from the electronic payment and related businesses by approximately HK\$113.2 million was mainly due to the consolidation of the revenue of the acquired wholly-owned subsidiary of the Company in Macau, Macau Pass, for the entire first quarter of 2023, whereas results of Macau Pass were consolidated into the Group's financial statements from March 24, 2022 (being date of completion of the acquisition) to March 31, 2022 only for the first quarter of 2022; coupled with the increase in tourist arrivals in Macau during the Three-Month Period.
- Operating profit of approximately HK\$15.5 million was recorded for the Three-Month Period (Three months ended March 31, 2022: operating loss of approximately HK\$12.6 million). The change from operating loss to profit was mainly due to a combination of factors: (i) the increase in total revenue of the Group (partially offset by the related costs and expenses); (ii) the increase in other income by approximately HK\$3.8 million (Three months ended March 31, 2022: approximately HK\$1.2 million); and partially offset by the increase in the depreciation and amortization expenses by approximately HK\$12.3 million to approximately HK\$17.2 million for the Three-Month Period.
- The profit for the Three-Month Period was approximately HK\$37.2 million (Three months ended March 31, 2022: loss of approximately HK\$10.8 million). The change from loss to profit was primarily due to the above-mentioned increase in operating profit. In addition, there were an increase in net finance income by approximately HK\$19.3 million to approximately HK\$22.7 million (Three months ended March 31, 2022: approximately HK\$3.4 million).
- The Board does not recommend the payment of an interim dividend for the Three-Month Period.

FIRST QUARTERLY RESULTS

The Board announces the unaudited consolidated results of the Group for the three months ended March 31, 2023 (the “**Three-Month Period**”), together with the unaudited comparative figures for the corresponding period in 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the three months ended March 31, 2023

		Three months ended	
		March 31	
		2023	2022
	Notes	HK\$'000	HK\$'000
Revenue	2	169,873	35,272
Other income		5,012	1,249
Net other gains		10,429	8,508
Employee benefits expenses		(40,671)	(20,457)
Purchase of and changes in inventories		(19,262)	(12,126)
Depreciation and amortization expenses		(17,238)	(4,854)
Other operating expenses		(92,659)	(20,228)
Operating profit/(loss)		15,484	(12,636)
Gain/(loss) on fair value change of financial assets at fair value through profit or loss		2,226	(1,128)
Imputed interest expense on deferred consideration		(1,675)	(384)
Net finance income		22,732	3,382
Profit/(loss) before income tax		38,767	(10,766)
Income tax expense	3	(1,576)	(81)
Profit/(loss) for the period		37,191	(10,847)

		Three months ended	
		March 31	
		2023	2022
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
Other comprehensive income:			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Currency translation differences		<u>12,029</u>	<u>4,005</u>
Other comprehensive income for the period, net of tax		<u>12,029</u>	<u>4,005</u>
Total comprehensive income for the period		<u>49,220</u>	<u>(6,842)</u>
Profit/(loss) attributable to:			
Owners of the Company		36,889	(11,130)
Non-controlling interests		<u>302</u>	<u>283</u>
		<u>37,191</u>	<u>(10,847)</u>
Total comprehensive income attributable to:			
Owners of the Company		48,622	(7,681)
Non-controlling interests		<u>598</u>	<u>839</u>
		<u>49,220</u>	<u>(6,842)</u>
Earning/(loss) per share			
Basic	4	<u>HK0.323 cent</u>	<u>(HK0.10 cent)</u>
Diluted	4	<u>HK0.322 cent</u>	<u>(HK0.10 cent)</u>

Notes:

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial information has been prepared in accordance with the applicable Hong Kong Financial Reporting Standards issued by Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and disclosure requirements of GEM Listing Rules.

The consolidated financial information has not been audited by the Company’s auditors, but has been reviewed and commented on by the Company’s audit committee. The accounting policies applied and significant judgements made by management in applying the Group’s accounting policies are consistent with those of the Group’s annual financial statements for the year ended December 31, 2022, except for the adoption of new or revised standards, amendments and interpretations which are relevant to the operations of the Group and mandatory for annual periods beginning January 1, 2023.

HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (the “**new and revised HKFRS**”). The Group has not early adopted the new and revised HKFRS that have been issued but are not yet effective, as the Group is in the process of assessing the impact of these new and revised HKFRS on the financial performance and financial position of the Group.

2. REVENUE

Revenue represents the amounts received and receivable from lottery hardware sales (including provision of related after-sales services), provision of lottery distribution and ancillary services in Mainland China, provision of electronic payment services in Macau (including provision of payment card services and ancillary services, e-wallet services and acquiring services for other payment platforms), games and entertainment and marketing technical services, non-lottery hardware sales and lease income of lottery hardware, payment terminals and equipment in Mainland China and Macau and is analysed as follows:

	Three months ended March 31	
	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000
Lottery		
(i) Lottery hardware sales	33,854	15,735
(ii) Lottery distribution through physical channels and ancillary services	18,880	12,380
Electronic payment		
(i) provision of payment card services and ancillary services	34,793	1,136
(ii) provision of e-wallet services	26,864	665
(iii) provision of acquiring services for other payment platforms	47,814	1,554
Games and entertainment and marketing technical services	5,872	1,030
Non-lottery hardware sales	98	2,258
	<hr/>	<hr/>
Subtotal	168,175	34,758
Lease income of lottery hardware, payment terminals and equipment	1,698	514
	<hr/>	<hr/>
Total	<u>169,873</u>	<u>35,272</u>

3. INCOME TAX EXPENSE

Income tax expense for the Three-Month Period represents PRC Enterprise Income Tax, Macau complementary tax and deferred income tax.

4. EARNING/(LOSS) PER SHARE

(a) Basic

Basic earning or loss per share is calculated by dividing the unaudited profit attributable to owners of the Company for the Three-Month Period of approximately HK\$36,889,000 (for the three months ended March 31, 2022: loss of approximately HK\$11,130,000) by the weighted average number of ordinary shares outstanding during the period of approximately 11,672,342,000 (for the three months ended March 31, 2022: approximately 11,672,342,000) shares and excluding the weighted average number of shares held for the Share Award Scheme of approximately 263,790,000 (for the three months ended March 31, 2022: approximately 228,306,000) shares.

(b) Diluted

Diluted earning or 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 one category of dilutive potential ordinary shares: share awards. For the 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 awards.

For the Three-Month Period, diluted earning per share is calculated by dividing the unaudited profit attributable to owners of the Company of approximately HK\$36,889,000 by the adjusted weighted average number of ordinary shares of approximately 11,450,079,000 shares.

For the three months ended March 31, 2022, the computation of the diluted loss per share does not assume the vesting of the outstanding share awards, as they would decrease the diluted loss per share.

5. DIVIDEND

The Board does not recommend the payment of an interim dividend for the Three-Month Period (2022: nil).

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the Three-Month Period

	Attributable to owners of the Company										Attributable to non-controlling interests	Total	
	Share capital	Share premium	Shares held for share award scheme	Share awards reserve	Statutory reserve	Exchange reserve	Contributed surplus	Property revaluation reserve	Other reserve	Accumulated losses			Subtotal
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at January 1, 2023	23,344	3,398,001	(131,651)	15,862	22,382	66,212	47,191	14,402	44,406	(868,213)	2,631,936	30,903	2,662,839
Profit for the period	-	-	-	-	-	-	-	-	-	36,889	36,889	302	37,191
Other comprehensive income for the period	-	-	-	-	-	11,733	-	-	-	-	11,733	296	12,029
Total comprehensive income for the period	-	-	-	-	-	11,733	-	-	-	36,889	48,622	598	49,220
Recognition of equity settled share-based payments	-	-	-	2,349	-	-	-	-	-	-	2,349	-	2,349
Purchase of shares under share award scheme	-	-	(1,440)	-	-	-	-	-	-	-	(1,440)	-	(1,440)
Transfer of shares upon vesting of share awards under share award scheme	-	(24)	309	(285)	-	-	-	-	-	-	-	-	-
Balance at March 31, 2023	23,344	3,397,977	(132,782)	17,926	22,382	77,945	47,191	14,402	44,406	(831,324)	2,681,467	31,501	2,712,968
Balance at January 1, 2022	23,344	3,397,632	(118,855)	25,316	27,833	122,393	47,191	14,402	44,317	(746,964)	2,836,609	49,531	2,886,140
Loss for the period	-	-	-	-	-	-	-	-	-	(11,130)	(11,130)	283	(10,847)
Other comprehensive income for the period	-	-	-	-	-	3,449	-	-	-	-	3,449	556	4,005
Total comprehensive income for the period	-	-	-	-	-	3,449	-	-	-	(11,130)	(7,681)	839	(6,842)
Recognition of equity settled share-based payments	-	-	-	2,607	-	-	-	-	-	-	2,607	-	2,607
Purchase of shares under share award scheme	-	-	(8,932)	-	-	-	-	-	-	-	(8,932)	-	(8,932)
Transfer of shares upon vesting of share awards under share award scheme	-	(182)	1,067	(885)	-	-	-	-	-	-	-	-	-
Transactions with a shareholder	-	-	-	-	-	-	-	-	210	-	210	-	210
- Employee share-based compensation	-	-	-	-	-	-	-	-	210	-	210	-	210
- Employee share-based compensation recharge	-	-	-	-	-	-	-	-	(328)	-	(328)	-	(328)
Balance at March 31, 2022	23,344	3,397,450	(126,720)	27,038	27,833	125,842	47,191	14,402	44,199	(758,094)	2,822,485	50,370	2,872,855

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 electronic payment services, lottery, mobile games and entertainment and marketing technical services and non-lottery hardware supply markets with a focus on Mainland China and Macau. As a member of the Alibaba Group, the Group is the exclusive lottery platform of Alibaba Group and Ant Group.

AGTech's businesses are broadly divided into four principal categories:

- (i) Lottery:
 - (a) lottery hardware sales;
 - (b) lottery distribution through physical channels and ancillary services;
- (ii) Electronic payment:
 - (a) provision of payment card services and ancillary services;
 - (b) provision of e-wallet services;
 - (c) provision of acquiring services for other payment platforms;
- (iii) Games and entertainment and marketing technical services; and
- (iv) Non-lottery hardware supply (including sales and leasing).

AGTech is an associate member of the World Lottery Association (WLA) and the Asia Pacific Lottery Association (APLA).

CORPORATE STRATEGY AND OBJECTIVES

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

As the exclusive lottery platform of Alibaba Group and Ant 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 physical channel expansion, innovative hardware, marketing services and promotions.

Building on the past experiences of the Group in designing, operating and/or providing online and mobile games and entertainment contents to several online or mobile shopping and payment platforms, the Group will strive to integrate its core competencies into its electronic payment business in Macau, with a view to not only strengthening its presence in Macau, but also broadening its business coverage in complementary sectors including but not limited to e-commerce, entertainment and advertising or marketing technical services and expanding its presence beyond Macau.

The Group will continue to utilize its research and development capabilities in respect of lottery hardware to extend its hardware product offering to non-lottery hardware for the retail sector, with a view to broadening the product spectrum of its hardware business. At the same time, the Group will also integrate and optimize its technical capabilities in the POS (point of sales) payment terminals market and provide better services for merchants in Macau.

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

INDUSTRY OVERVIEW

The Macau Electronic Payment Market

In 2023, Macau is gradually recovering from the COVID-19 pandemic and reopening to the world. With most travel restrictions recently lifted and the resumption of electronic visa application for Mainland China tourists to visit Macau, an increase in incoming visitors will be an important driver for Macau's economic recovery. According to the Statistics and Census Service of the Government of Macau (the DSEC), a total of approximately 1.96 million tourists visited Macau in March 2023, representing a year-on-year increase of approximately 271.4% and a month-on-month increase of approximately 22.8%. Macau recorded more than approximately 4.96 million visitor arrivals in the first quarter of 2023, representing a year-on-year increase of approximately 1.6 times.

Electronic payments are defined as non-cash transactions processed through digital channels. The electronic payment market in Macau is growing rapidly with the increase in the number of mobile payment transactions in recent years. According to the statistics of the AMCM*, the number of mobile payment transactions in Macau increased from approximately 193 million in 2021 to approximately 266 million in 2022, representing a year-on-year increase of approximately 37.8%. In addition, the total transaction value rose from approximately MOP18.52 billion in 2021 to approximately MOP25.86 billion in 2022, representing a year-on-year increase of approximately 39.6% and a significant increase of more than 20 times compared to 2019.

It is worth noting that, despite the outbreak of the COVID-19 pandemic in both Mainland China and Macau at different times during 2022 which led to a decrease in the number of visitors to Macau, there was still a significant growth in the mobile payment market in Macau in 2022, which was attributable to the support for electronic payment by the government of Macau in the following ways:

- (i) the government of Macau facilitated the promotion of electronic payment by launching the "Simple Pay" service in 2021, which is an integrated payment system that allows merchants to accept various types of electronic payment methods in Macau by a single payment terminal or a QR code. Over 90% of merchants in Macau have upgraded to the Simple Pay system since its launch; and

- (ii) in order to stimulate domestic demand and ease financial pressure faced by local residents and businesses, the government of Macau has launched the third round of “Electronic Consumption Benefits Plan” which ran from June 1, 2022 to February 28, 2023, entitling each qualified Macau resident to receive a start-up fund of MOP5,000 and a discount grant of MOP3,000 through one of the eight locally-registered mobile payment platforms (including MPay) or the electronic consumption card. The government of Macau has further announced an additional living subsidy start-up fund of MOP8,000, which runs from October 28, 2022 to June 30, 2023.

The government’s support for electronic payment has contributed to the digital transformation of Macau and the development of Macau’s electronic payment market.

* *Source: AMCM*

Lottery

There are two legal lottery operators in the PRC: the national welfare lottery (“**Welfare Lottery**”) and the national sports lottery (“**Sports Lottery**”).

According to MOF figures*, PRC lottery sales for January and February 2023 amounted to approximately RMB75 billion, representing an increase of approximately 40.8% over the corresponding period in 2022. Of this, Welfare Lottery amounted to approximately RMB24.3 billion, representing an increase of approximately 4.3% compared to the corresponding period in 2022. Sports Lottery achieved sales of approximately RMB50.6 billion, representing an increase of approximately 69.2% compared to the corresponding period in 2022.

* *Source: Ministry of Finance of the PRC*

Games and Entertainment and Marketing Technical Services

China’s digital adaption in the consumer sector, especially in the e-commerce space, has seen significant and continued growth in recent years. With the emergence of innovative marketing channels and platforms, digital technology and products are expected to further integrate with consumers.

According to the latest statistical report on China’s internet development released by the China Internet Network Information Center (“**CNNIC**”)*, there were over 1.06 billion internet users in China as of December 2022, with internet penetration rate reaching 75.6% of the population. In 2022, banks nationwide processed 278.9 billion electronic payments worth RMB3,110 trillion, which increased 1.4% and 4.5% year-on-year respectively. Among them, online payment services amounted to 102.1 billion transactions, down 0.15% year-on-year, and worth RMB2,527 trillion, which increased 7.3% year-on-year; mobile payment services amounted to 158.5 billion transactions, increased 4.8% year-on-year, and worth RMB499 trillion, which decreased 5.1% year-on-year.

Integrated digital infrastructure has enabled cashless transactions and shopping platforms to become a unique customer experience, and this acceleration has created opportunities in the digital marketing space.

* Source: CNNIC: “The 51th Statistical Report on China’s Internet Development (March 2023)”

BUSINESS REVIEW

Lottery Hardware

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

The Group primarily supplies to Sports Lottery and has hardware deployed in multiple provinces, cities, municipalities and autonomous regions across China. The Group is one of the leading suppliers in China of lottery terminals. The Group continues to focus on research and development in order to broaden and improve its product spectrum and develop new hardware ranges. The Group will continue to pursue tenders to supply to the lottery and other hardware markets.

Lottery Distribution and Ancillary Services

Expansion of physical channels and lottery distribution

The Group currently distributes lottery (including lotto, sports lottery and instant scratch tickets) by expanding its physical lottery sales channels in China, which are mostly retail sales outlets operated by Alibaba Group. During the Three-Month Period, the Group generated revenue from the distribution of lottery through retail sales outlets, representing an increase of approximately 48% over the corresponding period in 2022. Such increase was mainly attributable to the increase in average lottery sales volume per sales outlet and the Group’s continuous efforts in expanding its network of collaborating retail sales outlets for lottery distribution with an increase of approximately 23% in the number of such outlets over the corresponding period in 2022.

Lottery Resources Channel Operations and Platform Services

The Group has successfully launched its dedicated lottery resources channel on Taobao and 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 online users in China an easy access to information and resources that address various lottery needs.

The content on the lottery resources channel includes displaying of certain historical and current lottery products results. 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. With the addition of sports event information and paid contents, the Group has been expanding its offerings of tools and products according to market demands and users' needs. Personalized suggestions of sports events information were provided based on users' demands and habits.

Through this lottery resources channel, the Group hopes to build on its online presence and maximize the value of its business partnership with Alibaba Group and Ant Group, in addition to preparation for any potential policy approval and authorization of online distribution of lottery products in the future.

Electronic Payment

An indirect wholly-owned subsidiary of the Company, Macau Pass, is one of the leading payment service providers in Macau and is an "other credit institution" licensed under AMCM. It is principally engaged in payment card and ancillary services, e-wallet services and acquiring services.

Payment card services and ancillary services

The "Macau Pass Card" (the "MP Card(s)") is the most common contactless smart card for payments in Macau. There are currently more than 4.5 million cumulative MP Cards in issuance. The MP Card can be used for bus fare payments, payments for other public transports, car parks, government services, retail consumption, food and beverage services. Starting from May 24, 2022, passengers of the Macau's Light Rail Transit can also use their MP Cards for fare payment. The MP Card can also be customized to include functions such as door access card, staff badge or membership card. Macau Pass receives commission income from merchants for processing transactions with payments made via MP Cards, and also generates revenue from ancillary card services such as sales and management of MP Cards.

In order to stimulate domestic demand and ease financial pressure faced by local residents and businesses, the government of Macau has launched a third round of "Electronic Consumption Benefits Plan" which ran from June 1, 2022 to February 28, 2023, entitling each qualified Macau resident to receive a start-up fund of MOP5,000 and a discount grant of MOP3,000 through one of the eight locally-registered mobile payment platforms (including MPay) or the electronic consumption card. The government of Macau has further announced an additional living subsidy start-up fund of MOP8,000, which runs from October 28, 2022 to June 30, 2023.

E-wallet services

The Group provides e-wallet services via a mobile app called “MPay”, which supports online and offline payments covering different payment scenarios such as person-to-person transfer, telecommunication and utility bill payment, online ticketing, payment of car parking fees and payment of bus fares using QR code. Through co-operation with designated banking partners, MPay is also allowed by the People’s Bank of China for offline cross-border use in the PRC. The Group receives commission income (based on a percentage of the transaction value) from merchants for processing transactions with payments made via MPay.

Through cooperation with Alipay+ (a suite of global cross-border digital payment and marketing solutions launched by Ant Group), MPay has officially become a payment partner of Taobao (Macao, China) to provide electronic payment services to its users. Residents in Macau and other registered users who are not Mainland Chinese residents can now use MPay to make payments in Macau patacas directly when shopping online with Taobao (Macao).

As one of the leading mobile payment e-wallets in Macau, MPay will continue to explore on strategic cooperation with the Alibaba Group and Ant Group to further develop and create more diverse business scenarios within the e-commerce and digital media and entertainment landscape, in addition to exploring commercialization opportunities within the Macau electronic payment ecosystem. Registered users of MPay account for over 90% of local residents.

Acquiring services

The Group supplies integrated payment terminals and provides acquiring services to merchants which enable merchants to accept different payment methods of other payment service providers, including but not limited to the “Alipay” e-wallet, the “AlipayHK” e-wallet and Ant Bank’s “Alipay (Macao)” e-wallet operated by the Alipay Entities and/or their affiliate(s), WeChat Pay and other e-wallets launched by certain other banks in Macau (collectively, the “**Other Payment Service Providers**”). The Group receives commission income (based on a percentage of the transaction value) from merchants for processing payment of the transactions and pays a portion of such commission (based on a percentage lower than the commission rate of the transaction value) as service fees to the Other Payment Service Providers.

Games and Entertainment

Online non-lottery games, entertainment content, and marketing technical services

The Group is dedicated to evolving its business into a comprehensive mobile games, entertainment content and marketing technical services provider to customers around the world. The Group has been active in building its online presence and customer-base through various online channels by offering various types of proprietary non-lottery games and entertainment content. The Group provides ticket sales and promotional support for live performances, concerts, TV series and other entertainment, sports and cultural events. Providing marketing services and convenient payment experience will be beneficial for the Group to participate in the cultural and entertainment market.

The Group continues to assist merchants to attract customers, enhance brand exposure and increase online transactions. In response to the latest round of economic stimulus by the government of Macau and as one of the eight locally-registered mobile payment platforms, MPay has launched a series of electronic consumption promotions via the use of its e-wallet services, where users can get random discounts or payment rebates, as well as win prizes and earn loyalty points, mCoins, for redemption of merchant coupons and other exclusive offers on its platform.

In January 2023, through the coordination of the Macau Economic and Technological Development Bureau, the Group and the five major chambers of commerce and industry in Macau jointly launched the “Rewards for Consumption in Macao” (遊澳消費獎賞) electronic campaign. Users can go to the Alipay+Rewards (Macau) page to collect a wide range of coupons from over 100 Macau restaurants and retailers. Leveraging the Alipay+ global cross-border mobile payment solution, store information, and discounts or instant discounts are posted on the Macau Pass-operated page. We look forward to interacting directly with the growing number of domestic and international consumers of the Alipay+ partners’ e-wallets, exploring new business opportunities for Macau merchants to draw in more visitors to shop, thereby jointly driving business efficiency.

In February 2023, the Group entered into a strategic cooperation agreement with 銀河 ICC及綜藝館有限公司 (Galaxy ICC & Arena Limited) (a subsidiary of Galaxy Entertainment Group Limited (“**Galaxy**”)), 北京大麥文化傳媒發展有限公司 (Beijing Damai Cultural Media Development Co., Ltd.*) (“**Damai**”) and Alibaba Pictures Group Limited (“**Alibaba Pictures**”), under which the parties have agreed to utilize their respective resources and experiences for the purpose of organizing Macau cultural and entertainment activities and promoting the development of the cultural and entertainment industry in Macau. By relying on the convenience and inclusive development of the electronic payment of Macau Pass, and the advantages of experience in local marketing technology services in Macau, and by leveraging Galaxy’s infrastructure and resources, Damai’s leading online ticketing platform for live events in Mainland China and Alibaba Pictures’ internet-driven integrated platform for the entertainment industry to reach more customers and provide those customers with easy access to high-quality movies and/or events, it is beneficial to the Group’s participation in the cultural and entertainment market in Macau and the development of its businesses in non-payment areas.

Non-lottery Hardware Supply

In addition to lottery hardware supplies, expansion to other consumer sectors has been a focus for the Group. With a view to broadening product spectrum of its hardware business utilizing the research and development capability of the Group and in view of the fact that many of the hardware supplies for the retail market share similar technology and components underlying the lottery hardware products supplied by the Group throughout many years, the Group has extended its hardware product offering to smart hardware in the retail sector.

Sale and Leasing of Payment Terminals and Equipment

The Group also sells and leases card reader and scanner payment terminals, multi-functional payment terminals and payment equipment for vending machines to buses and/or merchants which accept the MP Cards, MPay or use the Group's acquiring services.

International Market

Strategic expansion in selected overseas markets

(i) Paytm First Games Private Limited in India:

A joint venture company of the Group with One97 Communications Limited (“**One97**”), namely, Paytm First Games Private Limited (the “**JV**”), developed and operated its mobile games and entertainment platform, namely “Paytm First Games”, in India. One97 is the owner of Paytm, which is a leading mobile payment platform in India. Paytm First Games offers players a unique online experience with popular games content such as rummy, poker, fantasy sports games, and other card games.

The business has continued to grow, with revenue in 2022 increasing by approximately 40% as compared to 2021. Paytm First Games will strive to continue to grow its user base, further monetizing this unique platform and capitalizing on the significant potential of the fast-growing mobile games and entertainment market in India.

(ii) Ant Bank in Macau:

Ant Bank is a joint venture company held as to 66.7% by two indirectly wholly-owned subsidiaries of Ant Holdco and as to 33.3% by a 30% indirectly owned associated company of the Company. Ant Bank officially commenced operations in April 2019, with a business scope of providing mobile payment services and financial banking services such as deposit, loan and remittance services to residents and small and medium-sized enterprises (“**SMEs**”) of Macau. The chairman and CEO of the Company, Mr. Sun Ho, and the non-executive Director, Mr. Ji Gang, are also directors of the Ant Bank.

In September 2019, Ant Bank officially launched the Alipay (Macao) e-wallet payment service in Macau. In addition to its e-wallet payment service, Ant Bank provides internet financial products in Macau and brings contactless online financial services to Macau residents and SMEs. In terms of financial services for SMEs, Ant Bank has leveraged Ant Group’s practical experience of focusing on inclusive financial services to provide credit loan services for Macau SMEs engaged in retailing, catering and trading services.

BUSINESS OUTLOOK

As one of the leading payment service providers in Macau, the Group strives to contribute to the local fintech development and smart city transformation for Macau and the Greater Bay Area through offering its contactless smart card, e-wallet and multipurpose e-payment system. The Group is committed to enabling consumers and small businesses with access to technology and sustainable payment experiences. Through enhancing infrastructure and platform, it is the Group’s aim to support the digital transformation of financial services in the Greater Bay Area and beyond.

Macau Pass will continue to work closely with the government of Macau and provide assistance to merchants and residents via any future round of “Electronic Consumption Benefits Plan” or other relief measures to SMEs promulgated by the government of Macau from time to time in order to ease the impact of the COVID-19 pandemic on the local economy. With most travel restrictions lifted and the resumption of electronic visa application for Mainland China tourists to visit Macau, an increase in incoming visitors will be an important driver for Macau’s economic recovery. The Group will also explore on strategic cooperation with Alibaba Group to further develop and create more diverse business scenarios within the e-commerce and digital media and entertainment landscape; provide support for more electronic payment tools from overseas countries and regions to further facilitate the consumption of visitors to Macau, helping Macau’s economic development and digital transformation of merchants, in addition to exploring commercialization opportunities within the Macau electronic payment ecosystem and cultural and entertainment market.

The Group will continue to build on its market presence in the Chinese lottery industry. As the exclusive lottery business platform of Alibaba Group and Ant Group, the Group strives to further align and benefit from synergies created through cooperation with Alibaba Group and Ant Group.

The Group’s 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 its lottery initiatives. Transformation towards digitalization will continue, as its lottery solutions will enhance synergy and create value to all segments of the lottery industry chain. The Group will continue to explore lower-tier markets with its platform which 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, the Group will continue to closely monitor policy developments.

The Group continues to operate the lottery resources channel on Taobao and Alipay to serve as a one-stop platform on lottery related information for existing and potential customers. With the addition of a wider variety of sports events and interactive entertainment to its lottery resources channel, the Group will continue to customize features to improve on user experience and engagement. The Group will continue to leverage and explore opportunities for collaboration with Alibaba Group's retail ecosystem to enhance on lottery distribution models, and make efforts to provide high-quality payment channels for offline lottery channels to help improve the service capacity of lottery institutions. The Group believes that the integration of lottery services and products through physical retail distribution channel and networks will continue to create synergy and opportunities in the future.

Transition to other consumer sectors presents an opportunity for the further development of the Group's hardware business. The hardware supplied for the retail market share similar technology and components that underlie the lottery hardware products supplied by the Group throughout the years. The Group believes its hardware division continues to be well positioned to take advantage of such opportunities should they arise. The Group will continue to integrate and optimize its technical capabilities in the POS (point of sales) payment terminals market and provide better services for merchants in Macau.

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

FINANCIAL PERFORMANCE REVIEW

Revenue of the Group for the Three-Month Period amounted to approximately HK\$169.9 million (Three months ended March 31, 2022: approximately HK\$35.3 million), representing an increase of approximately 381.6% over the corresponding period in 2022. For the Three-Month Period, revenue contributions were mainly derived from lottery and related business (including lottery hardware sales, provision of lottery distribution and ancillary services in Mainland China) of approximately HK\$53.2 million (Three months ended March 31, 2022: approximately HK\$31.8 million) and provision of electronic payment services in Macau of approximately HK\$116.7 million (Three months ended March 31, 2022: approximately HK\$3.5 million).

For revenue derived from lottery and related business, the increase by approximately HK\$21.4 million to approximately HK\$53.2 million is mainly due to a combination of factors: (i) the increase in revenue from the sales of lottery hardware by approximately HK\$18.1 million. There was delay in lottery hardware tender and delivery as a result of outbreak of epidemic in Mainland China towards the year end in 2022 and the lottery hardware was subsequently delivered during the Three-Month Period; and (ii) the increases in revenue from the provision of lottery distribution and ancillary services by approximately HK\$6.5 million as a result of the Group's continuous effort in expanding its network of collaboration with retail sales outlets for lottery distribution. As a result of the aforesaid mentioned increase in sales of lottery hardware, there was a corresponding increase in purchases of and changes in inventories by approximately HK\$7.2 million to approximately HK\$19.3 million for the Three-Month Period (Three months ended March 31, 2022: approximately HK\$12.1 million).

For revenue from the electronic payment and related businesses, the increase by approximately HK\$113.2 million to approximately HK\$116.7 million is mainly due to the consolidation of the revenue of the acquired wholly-owned subsidiary of the Company in Macau, Macau Pass, for the entire first quarter of 2023, whereas results of Macau Pass were consolidated into the Group's financial statements from March 24, 2022 (being date of completion of the acquisition) to March 31, 2022 only for the first quarter of 2022; coupled with the increase in tourist arrivals in Macau during the Three-Month Period. In 2023, Macau is gradually recovering from the COVID-19 pandemic with most travel restrictions lifted and the resumption of electronic visa application for Mainland China tourists to visit Macau.

There was an increase in other operating expenses of the Group by approximately HK\$72.4 million to approximately HK\$92.7 million for the Three-Month Period (Three months ended March 31, 2022: approximately HK\$20.3 million), mainly due to the inclusion of other operating expenses of the Macau Pass Group, such as service fees paid to other payment service providers of approximately HK\$39.9 million and marketing expenses of approximately HK\$21.2 million including costs incurred for e-wallet services' customer loyalty programme.

Employee benefits expenses increased by approximately HK\$20.2 million to approximately HK\$40.7 million (Three months ended March 31, 2022: approximately HK\$20.5 million) for the Three-Month Period, mainly due to the inclusion of the Macau Pass Group's employee benefits expenses following the acquisition of the Macau Pass Group.

Operating profit for the Three-Month Period was approximately HK\$15.5 million (Three months ended March 31, 2022: operating loss of approximately HK\$12.6 million). The change from operating loss to profit was mainly due to a combination of factors: (i) the increase in total revenue (partially offset by the related costs and expenses) of the Group as mentioned above; (ii) the increase in other income by approximately HK\$3.8 million (Three months ended March 31, 2022: approximately HK\$1.2 million); and partially offset by the increase in the depreciation and amortization expenses by approximately HK\$12.3 million to approximately HK\$17.2 million for the Three-Month Period (Three months ended March 31, 2022: approximately HK\$4.9 million), 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 relationships arising from the acquisition of the Macau Pass Group.

The profit for the Three-Month Period was approximately HK\$37.2 million (Three months ended March 31, 2022: loss of approximately HK\$10.8 million). Apart from the above-mentioned increase in operating profit, the change from loss to profit for the Three-Month Period was mainly due to the increase in net finance income by approximately HK\$19.3 million to approximately HK\$22.7 million (Three months ended March 31, 2022: approximately HK\$3.4 million) mainly due to the increases in average bank deposits balances for the Three-Month Period and the market interest rates.

USE OF PROCEEDS FROM THE SUBSCRIPTION

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

The Company announced various re-allocations of the Net Proceeds in the Company’s first quarterly results announcement for the three months ended March 31, 2020 (the “**2020 Re-allocations**”) and the third quarterly results announcement for the nine months ended September 30, 2022 (the “**2022 Re-allocations**”) respectively, and the deadline of usage of all the remaining Net Proceeds was further postponed from December 31, 2022 to December 31, 2023. As disclosed in the section headed “USE OF PROCEEDS FROM THE SUBSCRIPTION” on pages 134 to 139 of the annual report of the Company for the year ended December 31, 2022, Net Proceeds in the sum of approximately HK\$40.9 million remained as at December 31, 2022.

During the Three-Month Period, approximately HK\$36.8 million in total was used by the Group for its lottery distribution business and for general corporate purposes in the manner as set out in the table below. Net Proceeds in the sum of approximately HK\$4.1 million remained as at March 31, 2023, which were placed in the bank accounts of the Group.

Business division of the Group, or general corporate purposes, for which the Net Proceeds are intended to be used	Amount of Net Proceeds remained to be used as at December 31, 2022	Amount of Net Proceeds actually used during the Three-Month Period	Amount of Net Proceeds remained to be used as at March 31, 2023	Actual application of Net Proceeds during the Three-Month Period (with expected timeline of usage of unused proceeds and explanations for material difference from intended usage, if any)
(i) Lottery Distribution:	approximately HK\$21.7 million (or approximately 53.1% of total remaining as at December 31, 2022)	approximately HK\$17.6 million	approximately HK\$4.1 million	The Net Proceeds were used in items (i)(b) and (i)(c).
(a) sales, marketing and distribution of virtual lottery games				No material difference from intended usage noted following the 2020 Re-allocations and 2022 Re-allocations.
(b) sales, marketing and distribution of instant scratch lottery games				The Net Proceeds allocated to "Lottery Distribution" are expected to be used on or before December 31, 2023.
(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 and Alipay)				
(ii) General corporate purposes:	approximately HK\$19.2 million (or approximately 46.9% of total remaining as at December 31, 2022)	approximately HK\$19.2 million	Nil	The Net Proceeds were used in items (ii)(a) and (ii)(b).
(a) staff costs and other administrative expenses of the Group (including the costs relating to the Share Award Scheme)				No material difference from intended usage noted following the 2020 Re-allocations and 2022 Re-allocations.
(b) general working capital of the Group				
Grand total:	approximately HK\$40.9 million	approximately HK\$36.8 million	approximately HK\$4.1 million	

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at March 31, 2023, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange, were as follows:

a. Interests in Shares/restricted share units of the Company:

Name of Director	Number of Shares/restricted share units held			Approximate percentage held (Note 1)
	Personal interest	Corporate interest	Total	
Mr. Sun Ho	46,158,000 (Note 2)	2,006,250,000 (Note 3)	2,052,408,000	17.584%
Ms. Hu Taoye	384,000 (Note 4)	–	384,000	0.003%
Mr. Liu Zheng	–	–	–	0%
Mr. Ji Gang	–	–	–	0%
Mr. Zou Liang	–	–	–	0%
Mr. Chow Siu Lui	–	–	–	0%
Mr. Feng Qing	375,000	–	375,000	0.003%
Dr. Gao Jack Qunyao	750,000	–	750,000	0.006%

Notes:

1. Based on a total of 11,672,342,235 Shares in issue as at March 31, 2023.
2. It represents 44,658,000 Shares and 1,500,000 restricted share units (granted under the Share Award Scheme) beneficially held by Mr. Sun Ho.
3. These 2,006,250,000 Shares were held in the name of Maxprofit Global Inc. As Maxprofit Global Inc is beneficially and wholly-owned by Mr. Sun Ho, the chairman, executive Director and CEO of the Company, Mr. Sun was deemed to be interested in such Shares under the SFO.
4. It represents 192,000 Shares and 192,000 restricted share units (granted under the Share Award Scheme) beneficially held by Ms. Hu Taoye.

- b. Long positions in shares and underlying shares of Alibaba Holding, an associated corporation of the Company within the meaning of Part XV of the SFO:

Name of Director	Capacity	Number of shares/underlying shares held		
		(in the number of American Depository Shares (“ADS(s)”) of Alibaba Holding) (Note 1)	(in the number of ordinary shares of Alibaba Holding) (Note 1)	Approximate percentage of total issued share capital of Alibaba Holding (Note 2)
Ms. Hu Taoye	(Note 3)	17,920	143,360	0.001%
Mr. Liu Zheng	(Note 4)	22,382	179,056	0.001%
Mr. Li Jie	(Note 5)	81,347	650,776	0.003%
Mr. Ji Gang	(Note 6)	10,235	81,880	negligible
Mr. Zou Liang	(Note 7)	2,540	20,320	negligible

Notes:

- One ADS of Alibaba Holding represents eight ordinary shares of Alibaba Holding; and one restricted share unit (“RSU(s)”) of Alibaba Holding represents one ADS of Alibaba Holding.
- Based on a total of 20,680,409,344 ordinary shares of Alibaba Holding in issue as at March 31, 2023.
- The interest comprised 15,170 ADSs of Alibaba Holding and 2,750 RSUs of Alibaba Holding beneficially held by Ms. Hu Taoye.
- The interest comprised 11,882 ADSs of Alibaba Holding and 10,500 RSUs of Alibaba Holding beneficially held by Mr. Liu Zheng.
- The interest comprised 55,995 ADSs of Alibaba Holding and 25,352 RSUs of Alibaba Holding beneficially held by Mr. Li Jie.
- The interest comprised 7,039 ADSs of Alibaba Holding and 3,196 RSUs of Alibaba Holding beneficially held by Mr. Ji Gang.
- The interest comprised 1,505 ADSs of Alibaba Holding and 1,035 RSUs of Alibaba Holding beneficially held by Mr. Zou Liang.

- c. Long positions in shares and underlying shares of Alibaba Pictures Group Limited (“**Ali Pictures**”), an associated corporation of the Company within the meaning of Part XV of the SFO:

Name of Director	Capacity	Number of shares/ underlying shares of Ali Pictures held	Approximate percentage to total issued share capital of Ali Pictures <i>(Note 1)</i>
Mr. Zou Liang	<i>Note 2</i>	90,000	negligible
Mr. Li Jie	<i>Note 3</i>	22,312,086	0.08%

Notes:

1. Based on a total of 26,975,740,156 ordinary shares of Ali Pictures in issue as at March 31, 2023.
 2. The interest comprised 90,000 ordinary shares of Ali Pictures beneficially held by Mr. Zou Liang.
 3. The interest comprised 4,118,336 ordinary shares and 18,193,750 awarded shares of Ali Pictures beneficially held by Mr. Li Jie.
- d. Long positions in shares and underlying shares of Cainiao Smart Logistics Network Limited (“**Cainiao**”), an associated corporation of the Company within the meaning of Part XV of the SFO:

Name of Director	Capacity	Number of relevant class of shares/underlying shares of Cainiao held		Approximate percentage to total issued share capital of Cainiao <i>(Note)</i>
		<i>(class A ordinary shares)</i>	<i>(class B ordinary shares)</i>	
Mr. Liu Zheng	Beneficial Owner	<u>5,460,000</u>	<u>6,200,000</u>	<u>0.07%</u>

Note: As at March 31, 2023, the issued share capital of Cainiao was made up of 15,212,555,296 ordinary shares, 478,993,010 class A ordinary shares and 172,724,237 class B ordinary shares; Mr. Liu Zheng was interested in 5,460,000 class A ordinary shares and 6,200,000 class B ordinary shares, representing approximately 1.14% and 3.59% of the relevant class of shares in issue of Cainiao respectively, and was not interested in any other ordinary shares in issue of Cainiao.

Save as disclosed above, as at March 31, 2023, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at March 31, 2023, so far as was known to the Directors or chief executive of the Company, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares, underlying Shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, were directly or indirectly interested in 5% or more of the issued voting shares of any other member of the Group or held any option in respect of such shares and recorded in the register kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Capacity	Number of Shares held	Approximate percentage of total issued share capital of the Company (Note 1)
Ali Fortune (Note 2)	Beneficial owner	6,502,723,993	55.71%
Alibaba Investment Limited (Note 2)	Interest of controlled corporation	6,502,723,993 (Note 8)	55.71%
API Holdings Limited (Note 2)	Interest of controlled corporation	6,502,723,993 (Note 8)	55.71%
Alibaba Holding (Note 3)	Interest of controlled corporation	6,502,723,993 (Note 8)	55.71%
API (Hong Kong) Investment Limited (Note 4)	Interest of controlled corporation	6,502,723,993 (Note 8)	55.71%

Name of Shareholder	Capacity	Number of Shares held	Approximate percentage of total issued share capital of the Company <i>(Note 1)</i>
Shanghai Yunju Venture Capital Investment Co., Ltd. (formerly known as Shanghai Yunju Investment Management Co., Ltd.) <i>(Note 5)</i>	Interest of controlled corporation	6,502,723,993 <i>(Note 8)</i>	55.71%
Ant Holdco <i>(Note 6)</i>	Interest of controlled corporation	6,502,723,993 <i>(Note 8)</i>	55.71%
Hangzhou Yunbo Investment Consulting Co., Ltd. <i>(Note 7)</i>	Interest of controlled corporation	6,502,723,993 <i>(Note 8)</i>	55.71%
Mr. Ma Yun <i>(Note 7)</i>	Interest of controlled corporation	6,502,723,993 <i>(Note 8)</i>	55.71%
Mr. Jing Eric Xiandong <i>(Note 7)</i>	Interest of controlled corporation	6,502,723,993 <i>(Note 8)</i>	55.71%
Ms. Jiang Fang <i>(Note 7)</i>	Interest of controlled corporation	6,502,723,993 <i>(Note 8)</i>	55.71%
Mr. Hu Simon Xiaoming <i>(Note 7)</i>	Interest of controlled corporation	6,502,723,993 <i>(Note 8)</i>	55.71%
Maxprofit Global Inc <i>(Note 9)</i>	Beneficial owner	2,006,250,000	17.19%
Mr. Cheung Lup Kwan Vitor <i>(Note 10)</i>	Interest of controlled corporation	584,515,224	5.01%
Rainwood Resources Limited <i>(Note 10)</i>	Beneficial owner	584,515,224	5.01%

Notes:

1. Based on a total of 11,672,342,235 Shares in issue as at March 31, 2023.
2. Alibaba Investment Limited (“**AIL**”) and API Holdings Limited (“**API Holdings**”) hold 60% and 40% of the issued share capital of Ali Fortune, respectively.
3. Alibaba Holding holds 100% of the issued share capital of AIL.
4. API (Hong Kong) Investment Limited holds 100% of the issued share capital of API Holdings.
5. Shanghai Yunju Venture Capital Investment Co., Ltd. (formerly known as Shanghai Yunju Investment Management Co., Ltd.) (“**Shanghai Yunju**”) holds 100% of the issued share capital of API (Hong Kong) Investment Limited.
6. Ant Holdco holds 100% of the equity interests in Shanghai Yunju. Hangzhou Junhan Equity Investment Partnership (Limited Partnership) (“**Junhan**”) and Hangzhou Junao Equity Investment Partnership (Limited Partnership) (“**Junao**”) hold approximately 31.04% and 22.42% (together approximately 53.46%) of Ant Holdco’s total issued shares, respectively.
7. Hangzhou Yunbo Investment Consulting Co., Ltd. (“**Yunbo**”) is the general partner of both Junhan and Junao, and is owned as to 34%, 22%, 22% and 22% by Mr. Ma Yun, Mr. Jing Eric Xiandong, Ms. Jiang Fang and Mr. Hu Simon Xiaoming respectively. Pursuant to a concert party agreement (the “**Concert Party Agreement**”) entered into between Mr. Ma Yun, Mr. Jing Eric Xiandong, Ms. Jiang Fang and Mr. Hu Simon Xiaoming, they have agreed on certain arrangements pertaining to their shareholdings in Yunbo. Pursuant to the SFO, since each of Mr. Ma Yun, Mr. Jing Eric Xiandong, Ms. Jiang Fang and Mr. Hu Simon Xiaoming is a party to the Concert Party Agreement, each of them is deemed to be interested in the Shares in which the other parties to the Concert Party Agreement are interested. Pursuant to certain agreements entered into by Mr. Ma Yun, Yunbo and others on January 7, 2023, subject to certain conditions (including obtaining regulatory approvals) being satisfied, among other things, the Concert Party Agreement among shareholders of Yunbo will be terminated, Yunbo will cease to be Junhan’s general partner, and Mr. Ma Yun will cease to hold any interests in Yunbo. When these steps are effected, Mr. Ma Yun, Mr. Jing Eric Xiandong, Ms. Jiang Fang, Mr. Hu Simon Xiaoming and Yunbo will cease to have a notifiable interest. As at the date of this announcement, completion of such agreements has not taken place and is subject to approval of or filing with relevant government authorities.
8. Each of AIL, Alibaba Holding, API Holdings, API (Hong Kong) Investment Limited, Shanghai Yunju, Ant Holdco, Junhan, Junao, Yunbo, Mr. Ma Yun, Mr. Jing Eric Xiandong, Ms. Jiang Fang and Mr. Hu Simon Xiaoming are taken to be interested in an aggregate of 6,502,723,993 Shares by virtue of Part XV of the SFO.
9. As disclosed in the section headed “**DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES**” above, Mr. Sun Ho was deemed to be interested in these 2,006,250,000 Shares under the SFO by virtue of his interest in Maxprofit Global Inc.
10. Based on the disclosure of interests form filed on March 3, 2023, the equity interest of Mr. Cheung Lup Kwan Vitor in Rainwood Resources Limited decreased from 100% to 52% with effect from May 9, 2022. Therefore, Mr. Cheung Lup Kwan Vitor is deemed to be interested in these 584,515,224 Shares under the SFO.

Save as disclosed above, as at March 31, 2023, the Directors or chief executive of the Company were not aware of any other persons (not being a Director or chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares, underlying Shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or was directly or indirectly interested in 5% or more of the issued voting shares of any other member of the Group or held any option in respect of such shares and recorded in the register kept by the Company pursuant to section 336 of the SFO.

INTERESTS OF OTHER PERSONS

As at March 31, 2023, apart from the interests in the Shares, underlying Shares and debentures of the Company and its associated corporations held by the Directors, chief executive and substantial shareholders of the Company stated above, there were no other persons with interests recorded in the register of the Company required to be kept under section 336 of the SFO.

INTERESTS IN COMPETING BUSINESS

Ali Fortune, the controlling shareholder of the Company, is indirectly owned as to 60% and 40% by Alibaba Holding and Ant Holdco respectively. Ant Holdco is indirectly held by Alibaba Holding as to 32.65% of its equity interest and is therefore a “close associate” (as defined in the GEM Listing Rules) of Ali Fortune.

Ant Bank is a joint venture company incorporated under the laws of Macau which is held as to 66.7% by two indirect wholly-owned subsidiaries of Ant Holdco and as to 33.3% by a 30% indirectly owned associated company of the Company. Ant Bank officially commenced operations in April 2019. It launched the Alipay (Macao) e-wallet payment service in Macau in September 2019. Two Directors, namely Mr. Sun Ho and Mr. Ji Gang, are also directors of Ant Bank.

Following completion of the acquisition of Macau Pass by the Group on March 24, 2022 (the “**Completion**”), Macau Pass has become an indirect wholly-owned subsidiary of the Company and will continue to provide electronic payment services including e-wallet payment service in Macau. Nevertheless, the Company does not regard Ant Bank as a “competing business” operated by Ant Group against the Group because:

- (i) from the perspective of the Group, Ant Bank is a joint venture company in which the Group also has an indirect equity interest and is entitled to indirectly share its financial results; and
- (ii) from the perspective of Macau Pass, Ant Bank has been a business partner in respect of Macau Pass’ acquiring service business in Macau and the two companies shall continue their business cooperation following Completion on terms and conditions consistent with their past practice.

Save as disclosed above, as at the date hereof, none of the Directors, controlling shareholder of the Company or their respective close associates had interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) comprises three independent non-executive Directors, namely, Mr. Chow Siu Lui, Mr. Feng Qing and Dr. Gao Jack Qun Yao. Mr. Chow Siu Lui is the current chairman of the Audit Committee. The Group’s condensed consolidated financial statements for the Three-Month Period have not been audited by the Company’s auditor but have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures were made.

REQUIRED STANDARD OF DEALINGS REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings regarding securities transactions by Directors set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its code of conduct for dealings in securities of the Company by the Directors (the “**Code of Conduct**”). The Company had made specific enquiry with all Directors, and was not aware of any non-compliance with the required standard of dealings set out in the Code of Conduct during the Three-Month Period.

CONTROLLING SHAREHOLDER’S INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in the sections headed “RENEWAL OF CONTINUING CONNECTED TRANSACTIONS – 2023 TECHNOLOGY SERVICES FRAMEWORK AGREEMENT”, “DIRECTORS’ MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS AND CONTROLLING SHAREHOLDER’S INTERESTS IN CONTRACTS” and “CONTINUING CONNECTED TRANSACTIONS (“**CCTs**”)” in the annual report of the Company for the year ended December 31, 2022, there were no contracts of significance (whether for the provision of services to the Group or not) to which the Company, any of its subsidiaries and the controlling shareholders (as defined in the GEM Listing Rules) or any of its subsidiaries was a party, at the end of the Three-Month Period or at any time during the Three-Month Period.

SHARE OPTION SCHEMES

All options granted under the share option scheme adopted by the Company on November 18, 2004 had lapsed in 2019.

During the Three-Month Period, no options were granted by the Company pursuant to the 2014 Share Option Scheme and no options were exercised. All options granted under the 2014 Share Option Scheme had lapsed. As at March 31, 2023, there were no outstanding options granted by the Company pursuant to any share option scheme.

SHARE AWARD SCHEME

During the Three-Month Period, 11,300,000 award Shares were granted to 23 employees, being eligible persons under the Share Award Scheme. During the Three-Month Period, 600,000 award Shares were vested in the grantees and 8,950,000 award Shares were forfeited.

Under the Share Award Scheme, the Board shall not make any further award which will result in the aggregate number of Shares underlying all grants (including grants to connected persons of the Company) made pursuant to the Share Award Scheme (excluding award Shares that have been forfeited or lapsed in accordance with the Share Award Scheme) to exceed 6% of the total number of issued Shares as at the Adoption Date (i.e. 630,852,526 Shares) (the “**Award Scheme Limit**”) without Shareholders’ approval.

During the Three-Month Period, 5,208,000 Shares were purchased on the Stock Exchange by the Trustee. 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, and subject to the Award Scheme Limit and the requirement to maintain a minimum public float of not less than 25% of the total issued Shares under the GEM Listing Rules, 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Three-Month Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

DEFINITIONS

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

“2014 Share Option Scheme”	the share option scheme of the Company adopted on December 23, 2014;
“Adoption Date”	March 17, 2017, being the date on which the Company adopted the Share Award Scheme;
“Ali Fortune”	Ali Fortune Investment Holding Limited, a company incorporated in the British Virgin Island 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);
“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 Holdco;
“Alipay Entities”	Alipay, Alipay Singapore and Ant Bank;
“Alipay Singapore”	Alipay Singapore Holding Pte. Ltd., a company incorporated in Singapore and an indirect wholly-owned subsidiary of Ant Holdco;
“AMCM”	Autoridade Monetária de Macau (Monetary Authority of Macao);
“Ant Bank”	Ant Bank (Macao) Limited, a joint venture company incorporated under the laws of Macau which is held as to 66.7% by two indirect wholly-owned subsidiaries of Ant Holdco and as to 33.3% by a 30%-indirectly owned associated company of the Company;
“Ant Group”	Ant Holdco and its subsidiaries;
“Ant Holdco”	螞蟻科技集團股份有限公司(Ant Group Co., Ltd.) (formerly known as 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 organized under the laws of the PRC;
“Board”	the board of Directors;
“CEO”	chief executive officer;
“Company” or “AGTech”	AGTech Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on GEM;
“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;
“India”	The Republic of India;
“Macau”	the Macao Special Administrative Region of the PRC;
“Macau Pass”	Macau Pass S.A., a company incorporated under the laws of Macau and an indirect wholly-owned subsidiary of the Company;
“Macau Pass Group”	Macau Pass Holding Ltd. (an indirect wholly-owned subsidiary of the Company) and its subsidiaries (including Macau Pass);
“MOF”	the Ministry of Finance of China;
“MPay”	the e-wallet operated by Macau Pass;
“PRC” or “China”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“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 March 17, 2017;
“Shareholder(s)”	holder(s) of the Share(s);
“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 August 10, 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;
“Welfare Lottery”	the national welfare lottery of China; and
“%”	per cent.

Notes:

1. 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.
2. 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, May 9, 2023

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 Qunyao and Mr. Chow Siu Lui as independent non-executive Directors.

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.