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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)

POSITIVE PROFIT ALERT

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, the Group expects to record a profit for the period of not less than HK\$15 million for the six months ended June 30, 2023 (the “**2023H1**”), as compared with a loss of approximately HK\$84.9 million as recorded for the six months ended June 30, 2022 (the “**2022H1**”).

The expected turnaround from loss to profit as mentioned above was primarily attributable to the following combination of factors:

- (i) there was an increase in revenue of the Group by not less than HK\$155 million for 2023H1, mainly due to (a) 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 throughout the entire 2023H1; whereas the financial statements of the Macau Pass Group were consolidated into the financial statements of the Group only from March 24, 2022 (being the date of completion of acquisition of the Macau Pass Group by the Group) to June 30, 2022 for 2022H1; (b) the increase in revenue of the Group’s lottery distribution business for 2023H1 as compared to 2022H1, and (c) the increase in revenue of the Group’s electronic payment, lifestyle, games and entertainment, marketing technical services and e-commerce businesses in Macau by not less than HK\$30 million for the three months ended June 30, 2023 as compared to the three months ended June 30, 2022, as a result of the gradual economic recovery post-COVID 19, the increase in tourist arrivals in the city and no further extension on the exemption on transaction service fees charged to small and medium enterprises after the end of February 2023. Nevertheless, the aforesaid increase in revenue of the Group was partially offset by a rise in other operating expenses of the Group by not less than HK\$78 million for 2023H1, such as (a) an increase in service fees paid to other payment service providers by not less than HK\$50 million in respect of the electronic payment services of a subsidiary of the Company, Macau Pass S.A., (b) an increase in distribution expenses related to lottery distribution by not less than HK\$12 million, and (c) an increase in costs incurred for e-wallet services’ customer loyalty programme by not less than HK\$8 million for 2023H1;
- (ii) there was an increase in the depreciation and amortization expenses of the Group to not less than HK\$32 million for 2023H1, as compared to the depreciation and amortization expenses of approximately HK\$23.7 million for 2022H1, mainly due to the consolidation of the depreciation and amortization expenses of the Macau Pass Group into the financial statements of the Group and the recognition of 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 for the entire 2023H1; whereas such expenses were consolidated into, and recognized in, the financial statements of the Group only from March 24, 2022 to June 30, 2022 for 2022H1;
- (iii) there was an increase in employee benefits expenses of the Group by not less than HK\$20 million for 2023H1 as compared to such expenses of approximately HK\$55.5 million for 2022H1, mainly due to the consolidation of the Macau Pass Group’s employee benefits expenses for the entire 2023H1; whereas such expenses were consolidated into the financial statements of the Group only from March 24, 2022 to June 30, 2022 for 2022H1;

- (iv) there was an increase in net finance income of the Group to not less than HK\$32 million for 2023H1, as compared to the net finance income of approximately HK\$9.1 million for 2022H1, mainly due to the increase in average bank deposits balance of the Group for 2023H1 (including balances in respect of the outstanding living subsidy and outstanding third round of funds under the Electronic Consumption Benefits Plan in Macau to be distributed to the registered card/ e-wallet users of Macau Pass S.A.) and the increase in market interest rates for 2023H1 as compared to 2022H1; and
- (v) it is expected that there will be a fair value gain on the convertible term loan facilities in the maximum amount of INR1,319.4 million (or approximately HK\$137.3 million) provided by the Group to, and fully utilized by, its 45%-owned joint venture company in India, First Games Technology Private Limited (formerly known as “Paytm First Games Private Limited”). Based on the preliminary assessment of the Company, it is anticipated that any such fair value gain will be not more than HK\$2 million for 2023H1, subject to the final assessment by the valuer; whereas a loss on fair value changes of such financial assets of approximately HK\$26.6 million was recorded for 2022H1.

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 interim results for 2023H1 (the “**2023H1 Results**”), the actual results may differ from what is disclosed in this announcement. Further details of the Company’s 2023H1 Results will be provided in the Company’s 2023H1 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, July 26, 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. Tung Pen Hung, Ms. Qin Yuehong, 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 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.

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.