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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)

**THIRD QUARTERLY RESULTS ANNOUNCEMENT
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 purpose only

FINANCIAL HIGHLIGHTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

- Revenue of the Group for the Nine-Month Period amounted to approximately HK\$447.7 million (Nine months ended September 30, 2022: approximately HK\$247.6 million), representing an increase of approximately 80.8% over the corresponding period in 2022. For the Nine-Month Period, revenue contributions were mainly derived from provision of electronic payment and related services in Macau of approximately HK\$280.4 million (Nine months ended September 30, 2022: approximately HK\$105.4 million) and lottery and related business (including lottery hardware sales, provision of lottery distribution and ancillary services in Chinese Mainland) of approximately HK\$167.3 million (Nine months ended September 30, 2022: approximately HK\$142.2 million). The increase in revenue from the electronic payment and related businesses by approximately HK\$175.0 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 Nine-Month Period, 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 September 30, 2022 only for the nine months ended September 30, 2022; coupled with the increase in tourist arrivals in Macau during the Nine-Month Period and no further extension on the exemption on transaction service fee charged to small and medium enterprises after the end of February 2023. The increase in revenue from lottery and related businesses by approximately HK\$25.1 million was mainly due to the increases in revenue from the provision of lottery distribution and ancillary services by approximately HK\$23.9 million as a result of the Group's continuous effort in expanding its network of collaboration with retail sales outlets for lottery distribution and increase in lottery sales volume after the recovery from pandemic.
- Operating loss of approximately HK\$23.0 million was recorded for the Nine-Month Period (Nine months ended September 30, 2022: operating loss of approximately HK\$112.5 million). The decrease in operating loss 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 decrease in net other losses by approximately HK\$18.9 million to approximately HK\$5.3 million mainly due to a reduction of foreign exchange loss; and partially offset by the increase in employee benefits expenses by approximately HK\$33.8 million to approximately HK\$123.4 million for the Nine-Month Period and the increase in the depreciation and amortization expenses by approximately HK\$9.4 million to approximately HK\$52.6 million for the Nine-Month Period.

- The profit for the Nine-Month Period was approximately HK\$26.7 million (Nine months ended September 30, 2022: loss of approximately HK\$124.6 million). The change from loss to profit was primarily due to the above-mentioned decrease in operating loss. In addition, there was an increase in net finance income by approximately HK\$30.0 million to approximately HK\$47.8 million (Nine months ended September 30, 2022: approximately HK\$17.8 million) and a fair value gain on the convertible term loan facilities of approximately HK\$1.9 million was recognized for the Nine-Month Period (Nine months ended September 30, 2022: loss of approximately HK\$29.6 million).
- The Board does not recommend the payment of an interim dividend for the Nine-Month Period.

THIRD QUARTERLY RESULTS

The Board announces the unaudited consolidated results of the Group for the three months ended September 30, 2023 (the “**Three-Month Period**”) and the nine months ended September 30, 2023 (the “**Nine-Month Period**”), together with the comparative unaudited figures for the corresponding period in 2022 as below.

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

For the three months and nine months ended September 30, 2023

		Three months ended		Nine months ended	
		September 30,		September 30,	
		2023	2022	2023	2022
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	2	153,225	114,331	447,657	247,598
Other income		1,464	3,851	9,930	7,504
Net other losses		(1,565)	(17,278)	(5,330)	(24,193)
Employee benefits expenses		(46,166)	(34,115)	(123,418)	(89,581)
Purchases of and changes in inventories		(27,206)	(25,685)	(60,162)	(58,696)
Depreciation and amortization expenses		(17,718)	(19,531)	(52,585)	(43,208)
Other operating expenses		(72,578)	(65,534)	(239,082)	(151,875)
Operating loss		(10,544)	(43,961)	(22,990)	(112,451)
Gain/(loss) on fair value changes of financial assets at fair value through profit or loss		338	(2,988)	1,943	(29,629)
Imputed interest expense on deferred consideration		–	(2,311)	(1,675)	(2,038)
Net finance income		12,203	8,719	47,761	17,808
Profit/(loss) before income tax		1,997	(40,541)	25,039	(126,310)
Income tax credit	3	1,812	915	1,680	1,744
Profit/(loss) for the period		3,809	(39,626)	26,719	(124,566)

	Notes	Three months ended		Nine months ended	
		September 30, 2023	2022	September 30, 2023	2022
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other comprehensive income:					
<i>Item that may be reclassified subsequently to profit or loss</i>					
Currency translation differences		<u>(6,008)</u>	<u>(38,781)</u>	<u>(27,253)</u>	<u>(70,332)</u>
Other comprehensive income for the period, net of tax		<u>(6,008)</u>	<u>(38,781)</u>	<u>(27,253)</u>	<u>(70,332)</u>
Total comprehensive income for the period		<u>(2,199)</u>	<u>(78,407)</u>	<u>(534)</u>	<u>(194,898)</u>
Profit/(loss) attributable to:					
Owners of the company		<u>4,034</u>	<u>(34,599)</u>	<u>28,191</u>	<u>(119,793)</u>
Non-controlling interests		<u>(225)</u>	<u>(5,027)</u>	<u>(1,472)</u>	<u>(4,773)</u>
		<u>3,809</u>	<u>(39,626)</u>	<u>26,719</u>	<u>(124,566)</u>
Total comprehensive income attributable to:					
Owners of the company		<u>(1,937)</u>	<u>(72,698)</u>	<u>897</u>	<u>(187,459)</u>
Non-controlling interests		<u>(262)</u>	<u>(5,709)</u>	<u>(1,431)</u>	<u>(7,439)</u>
		<u>(2,199)</u>	<u>(78,407)</u>	<u>(534)</u>	<u>(194,898)</u>
Earning/(loss) per share					
Basic	4	<u>HK0.035 cent</u>	<u>(HK0.30 cent)</u>	<u>HK0.247 cent</u>	<u>(HK1.05 cents)</u>
Diluted	4	<u>HK0.035 cent</u>	<u>(HK0.30 cent)</u>	<u>HK0.246 cent</u>	<u>(HK1.05 cents)</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 the 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 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), lottery hardware sales (including provision of related after-sales services), provision of lottery distribution and ancillary services in Chinese Mainland, lifestyle, games and entertainment, marketing technical services and e-commerce, non-lottery hardware sales and lease income of lottery hardware, payment terminals and equipment in Chinese Mainland and Macau and is analysed as follows:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Electronic payment				
(i) provision of payment card services and ancillary services	15,701	28,653	74,486	50,154
(ii) provision of e-wallet services	24,326	11,053	72,547	19,231
(iii) provision of acquiring services for other payment platforms	34,825	13,562	116,202	33,455
Lottery				
(i) Lottery hardware sales	53,404	44,359	103,269	97,916
(ii) Lottery distribution through physical channels and ancillary services	21,501	14,797	62,893	39,042
Lifestyle, games and entertainment, marketing technical services and e-commerce	1,882	189	13,146	1,659
Non-lottery hardware sales	475	128	726	2,419
Subtotal	152,114	112,741	443,269	243,876
Lease income of lottery hardware, payment terminals and equipment	1,111	1,590	4,388	3,722
Total	153,225	114,331	447,657	247,598

3. INCOME TAX CREDIT

Income tax credit for the Three-Month Period and Nine-Month Period represent 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\$4,034,000 and unaudited profit attributable to owners of the Company for the Nine-Month Period of approximately HK\$28,191,000 (for the three months and nine months ended September 30, 2022: loss of approximately HK\$34,599,000 and HK\$119,793,000 respectively) by the weighted average number of ordinary shares outstanding during the Three-Month Period and the Nine-Month Period of approximately 11,672,342,000 shares (for the three months and nine months ended September 30, 2022: approximately 11,672,342,000 shares) and excluding the weighted average number of shares held for share award scheme during the Three-Month Period and Nine-Month Period of approximately 251,532,000 shares and 256,740,000 shares respectively (for the three months and nine months ended September 30, 2022: approximately 237,279,000 shares and 230,513,000 shares respectively).

(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 Nine-Month Period, diluted earning per share is calculated by dividing the unaudited profit attributable to owners of the Company of approximately HK\$28,191,000 by the adjusted weighted average number of ordinary shares of approximately 11,457,282,000 shares.

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\$4,034,000 by the adjusted weighted average number of ordinary shares of approximately 11,470,365,827 shares.

For the three months and nine months ended September 30, 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 Nine-Month Period (2022: Nil).

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the Nine-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	HK\$'000
Balance at December 31, 2022, as previously reported	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
Effect of adoption of Amendments to HKAS 12	-	-	-	-	-	-	-	-	-	(2,465)	(2,465)	-	(2,465)
Balance at January 1, 2023	23,344	3,398,001	(131,651)	15,862	22,382	66,212	47,191	14,402	44,406	(870,678)	2,629,471	30,903	2,660,374
Profit for the period	-	-	-	-	-	-	-	-	-	28,191	28,191	(1,472)	26,719
Other comprehensive income for the period	-	-	-	-	-	(27,294)	-	-	-	-	(27,294)	41	(27,253)
Total comprehensive income for the period	-	-	-	-	-	(27,294)	-	-	-	28,191	897	(1,431)	(534)
Recognition of equity settled share-based payments	-	-	-	7,399	-	-	-	-	-	-	7,399	-	7,399
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	-	(790)	6,183	(5,393)	-	-	-	-	-	-	-	-	-
Transaction with non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(24,610)	(24,610)
Transactions with shareholder - Employee share-based compensation	-	-	-	-	-	-	-	-	396	-	396	-	396
Balance at September 30, 2023	23,344	3,397,211	(126,908)	17,868	22,382	38,918	47,191	14,402	44,802	(842,487)	2,636,723	4,862	2,641,585
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	-	-	-	-	-	-	-	-	-	(119,793)	(119,793)	(4,773)	(124,566)
Other comprehensive income for the period	-	-	-	-	-	(67,666)	-	-	-	-	(67,666)	(2,666)	(70,332)
Total comprehensive income for the period	-	-	-	-	-	(67,666)	-	-	-	(119,793)	(187,459)	(7,439)	(194,898)
Recognition of equity settled share-based payments	-	-	-	5,623	-	-	-	-	-	-	5,623	-	5,623
Purchase of shares under share award scheme	-	-	(20,992)	-	-	-	-	-	-	-	(20,992)	-	(20,992)
Transfer of shares upon vesting of share awards under share award scheme	-	764	9,943	(10,707)	-	-	-	-	-	-	-	-	-
Transfer to accumulated losses	-	-	-	-	(5,451)	-	-	-	-	5,451	-	-	-
Transactions with a shareholder - Employee share-based compensation	-	-	-	-	-	-	-	-	210	-	210	-	210
- Employee share-based compensation recharge	-	-	-	-	-	-	-	-	(121)	-	(121)	-	(121)
Balance at September 30, 2022	23,344	3,398,396	(129,904)	20,232	22,382	54,727	47,191	14,402	44,406	(861,306)	2,633,870	42,092	2,675,962

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, lifestyle, games and entertainment, marketing technical services, e-commerce and non-lottery hardware supply markets with a focus on Chinese Mainland 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) 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;
- (ii) Lottery:
 - (a) lottery hardware sales;
 - (b) lottery distribution through physical channels and ancillary services;
- (iii) Lifestyle, games and entertainment, marketing technical services and e-commerce; 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 an integrated technology and services company engaged in electronic payment services, lottery, lifestyle, games and entertainment, marketing technical services, e-commerce and non-lottery hardware supply to cater for 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, lifestyle, entertainment and advertising or marketing technical services and expanding its presence beyond Macau.

The Group will continue 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 its 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, where appropriate.

INDUSTRY OVERVIEW

The Macau Electronic Payment Market

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. The total transaction value in the first half of 2023 was approximately MOP13.99 billion, an annual increase of approximately 13.8%; and the number of mobile payment transactions was approximately 143 million, an annual increase of approximately 8.3%.

It is worth noting that, despite the outbreak of the COVID-19 pandemic in both Chinese Mainland 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, and continue to maintain a rapid growth rate in 2023, 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 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 MOP 5,000 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 further announced an additional living subsidy start-up fund of MOP8,000, which ran 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*

The Macau Tourism Culture Market

According to the “Macao Economic Bulletin (2nd Quarter/2023)” of the Statistics and Census Service of the government of Macau, the Macau economy recorded a year-on-year real growth of 117.5% in the second quarter of 2023, mainly benefited from the export of services. In the second quarter, the overall export of services increased by 211.9% year-on-year, inbound passengers increased by 321.7%, and total passenger consumption increased by 354.6% year-on-year.

In September 2023, a total of 2.3 million visitors arrived in Macau, increased 3.1 times over the same month last year; among them, the number of tourists from Chinese Mainland increased 2.2 times year-on-year to 1.58 million, of which the number of tourists from the nine cities in the Greater Bay Area (excluding Hong Kong) increased 1.5 times year-on-year to 740,000, and the number of tourists from Hong Kong increased 10.6 times year-on-year to 534,000. In the first three quarters of this year, the number of inbound passengers exceeded 19.92 million, a 3.6-fold increase year-on-year.

The Policy Framework for the Development of the Cultural Industry (2020-2024) of the government of Macau explains the direction of the development of the cultural industry in Macau, proposes to take cultural tourism, cultural trade and cultural technology as the three major means to support the development of the cultural industry in Macau, and proposes to actively promote the extension and penetration of the value chain formed by the two major industries of culture and tourism. At present, Macau’s comprehensive tourism and leisure industry is developing steadily. The government of Macau hopes to accelerate the construction of a comprehensive tourism and leisure destination integrating cuisine, vacation, sightseeing, shopping, entertainment, culture, medical care, sports and other elements through the “tourism +” development model, so as to continuously enrich the connotation of Macau as a global tourism and leisure centre.

Overview of Macau Trade in Services Industry

According to the “Overview of Macau Trade in Services and Its Trends” issued by the Macao Trade and Investment Promotion Institute, trade in services industry is the pillar of Macau’s economy.

According to the “Report on the Development Index of Trade in Services in the World” published by the Ministry of Commerce of the People’s Republic of China, trade in services will undertake the trend of rapid development of the network in future, and the trade in services such as finance, telecommunications and software services will be closely related to Information and Communications Technology (“ICT”), thus changing the content and composition of trade in services, expanding the field and scope of trade in services, and promoting the development of trade in services more effectively. In 2021, the World Trade Organization stated that e-service among ICT services has become the fastest growing category of services over the past decade, with 8% year-on-year growth in 2020 alone. The COVID-19 pandemic has accelerated the development of the online economy and greatly changed the consumption structure and pattern, and the internet and data transmission services will effectively promote the rapid development of emerging services.

With the implementation of the Second Five-Year Plan for the Economic and Social Development of the Macao Special Administrative Region (2021-2025), digital development will be further implemented and promoted in Macau, which will not only accelerate the promotion of Macau’s export of trade in services, but also help the moderately diversified development of Macau’s economy. The popularity of mobile payment will help build digital service scenarios and increase efforts to promote the development of Macau’s services in the direction of digitalization. Financial services and technical services, trade-related services and other commercial service exports will usher in more development opportunities once they are integrated with digital technologies in the future.

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 the Nine-Month Period amounted to approximately RMB428.5 billion, representing an increase of approximately 52.4% over the corresponding period in 2022. Of this, Welfare Lottery amounted to approximately RMB144.5 billion, representing an increase of approximately 28.8% compared to the corresponding period in 2022. Sports Lottery achieved sales of approximately RMB283.9 billion, representing an increase of approximately 68.0% compared to the corresponding period in 2022.

* *Source: Ministry of Finance of the PRC*

Lifestyle, Games and Entertainment, Marketing Technical Services and E-commerce

Macau'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 the life of consumers.

According to the 2022 Information Technology Usage by Residents Survey published by the Statistics and Census Service of the government of Macau, 95.8% of households in Macau are connected to the Internet, of which 97.9% are connected through mobile networks. 35.8% of its Internet users have made online purchases, an increase of 15.6% year-on-year. The median total online shopping spending amount of households in Macau in the fourth quarter of 2022 was MOP1,700, an increase of 54.5% over the same period last year; among them, "tourism services" had the highest median spending (MOP2,000). 52.5% of online shoppers have purchased food and beverages, an increase of 46.2% year-on-year. In terms of payment methods for online shopping, 95.5% of online shoppers utilized "online payment platforms", an increase of 6.5% year-on-year.

On the entertainment front, as tourism resumed in Macau post-COVID 19, concert activities had seen burgeoning growth in the city. Many Asian and international singers flocked to hold their long-awaited concerts in Macau to meet their fans, ranging from famous singers from Hong Kong such as Jackson Wang, Wynners, Hacken Lee, Kelly Chen, Ronald Cheng, Alex To, Grasshopper, Samuel Hui, Aaron Kwok, Jacky Cheung, Leon Lai, George Lam and Joey Yung, to groups and singers from Taiwan such as aMEI, Tsai Chin, A-Lin, Wilber Pan, Yoga Lin, Wei Li-an, WOLF(S)(五堅情), and groups and singers from South Korea such as Super Junior and Blackpink. More concerts will be held in Macau and apart from the recovery of tourist activities post-COVID 19, there are many factors such as the special support from the Macau government's policy and the active efforts of major casino operators which contribute to the current blossom of the concert entertainment scene in Macau. For instance, it is relatively easier for the organizers to book concert venues in Macau as various casino operators can provide a variety of performance venues to cater to different fan bases of different artists. Besides, the proximity of Macau to Hong Kong and other parts of the Greater Bay Area and the convenience of customs clearance also help attract fans from different regions to visit Macau to see concerts and go sightseeing at the same time.

BUSINESS REVIEW

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 financial institution" licensed under AMCM. It is principally engaged in contactless 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 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 further announced an additional living subsidy start-up fund of MOP8,000, which ran 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. 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 Chinese Mainland residents can now use MPay to make payments in Macau patacas directly when shopping online with Taobao (Macao, China). As the global economy gradually recovers, direct interaction with the growing number of consumers behind different Alipay+ partners’ e-wallets is beneficial for Macau merchants to seize new business opportunities.

In August 2023, Macau Pass has partnered with Alipay+ to expand the coverage of the cross-border payment business of MPay to overseas countries including the United Arab Emirates, the United Kingdom, Switzerland, the European Economic Area countries (such as France, Germany and Italy), Australia, New Zealand, Qatar, Singapore, Malaysia, South Korea, Japan, the Philippines, Thailand and the United States of America, which is planned to be launched at the end of this year. The expanded cross-border payment coverage of MPay will enhance the e-payment experience of MPay users when travelling overseas and diversify the Group’s sources of revenue.

In September 2023, a new payment service allowing Macau residents, who are users of MPay with real name authentication, to use MPay in Chinese Mainland and Hong Kong was launched by Macau Pass. The new service serves to provide Macau residents with a more convenient electronic payment experience outside of the Macau region, thereby enabling a one-stop payment service from local to cross-border spending and creating a cross-border electronic payment ecosystem for the users of MPay.

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.

Macau Pass has also provided acquiring services through Alipay+ partners’ e-wallets such as GCash, Touch ‘n Go eWallet and TrueMoney, which was officially approved in May 2023. This means, in addition to Alipay in Chinese Mainland, AlipayHK, WeChat Pay and other e-wallets launched by other banks in Macau, Macau Pass payment devices can now also accept payments from the aforesaid three overseas leading e-wallets from the Philippines, Malaysia and Thailand respectively, following South Korea’s Kakao Pay. Through the cooperation with Alipay+, the innovative one-stop payment solution will accelerate the digital transformation of local merchants in Macau, create a connected international digital payment ecosystem for Macau, solve the problem of cross-border payment for international tourists, and help small and medium-sized enterprises (“SMEs”) find new marketing growth opportunities.

Lottery Hardware

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

During the Nine-Month Period, the Group won multiple lottery hardware tenders to supply lottery terminals to the Sports Lottery Administration Centres in Anhui Province, Chongqing Municipality, Hubei Province, Hunan Province, Sichuan Province, Guizhou Province, Hainan Province, Zhejiang Province, Jiangsu Province, Shanghai Municipality, Fujian Province and Guangdong Province of the PRC. The Group will continue to pursue tenders to supply to the lottery and other hardware markets.

Lottery Distribution and Ancillary Services

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 under the membership network of Alibaba Group's digital sourcing platform for retailers, i.e. "Lingshoutong" (零售通). During the Nine-Month Period, the Group generated revenue from the distribution of lottery through retail sales outlets, representing an increase of approximately 68% over the corresponding period in 2022. Such increase was mainly attributable to the increase in average lottery sales volume per sales outlet after the recovery from pandemic and the Group's continuous efforts in expanding its network of collaborating retail sales outlets for lottery distribution with an increase of approximately 10% 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.

Lifestyle, Games and Entertainment, Marketing Technical Services and E-commerce

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, cinemas, exhibitions 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, discounts or instant discounts are posted on the Macau Pass-operated page. Since mid-April 2023, Galaxy Macau, one of Asia’s world-class leisure and entertainment integrated resorts, has officially joined the campaign. Users can receive coupons from Galaxy merchants. The Group looks 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 its experience in local marketing technical services in Macau, and by leveraging Galaxy’s infrastructure and resources, Damai’s leading online ticketing platform for live events in Chinese Mainland 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.

In May 2023, Macau Pass and Samsung Electronics Hong Kong Limited signed a memorandum of understanding to provide a framework for the parties’ initial cooperation intentions. The two parties agree to use their respective resources, strengths and experience to cooperate in the fields of e-finance, e-commerce, marketing, smart city construction and Internet of Things (IOT), so as to provide users with quality products or services, thereby promoting market development in the Guangdong-Hong Kong-Macao Greater Bay Area.

In July 2023, Macau Pass won the tender awarded by a government authority in Macau to be one of the suppliers for the provision of SMEs backend digitalization support services in Macau. These services will enable SMEs to conduct online marketing, transactions and settlement by providing different industry solutions, thereby assisting SMEs in digital operation, optimizing business management and supporting the digitalization transformation and development of the Macau economy. Macau Pass is determined to support and assist SMEs in enhancing their business capabilities and expanding their businesses in the local and overseas markets through the provision of the aforementioned digitalization support services and other services.

To encourage local consumption to benefit SMEs in the community, Macau Pass joined hands with MGM to launch the “MGM x MPay Community Consumption Reward” from July 15 to 31, 2023. More than 6,000 merchants benefited from this activity, of which more than 90% were SMEs, and the prizes drove more than 60,000 secondary consumption deals for more than 3,000 merchants, creating an additional substantial transaction volume and bringing practical economic benefits to SMEs in the community.

In August 2023, in order to promote the community consumption cycle and attract customers for SMEs, Macau Pass launched the “Summer Consumption Reward” activity for the period from August 8 to September 22, which was suitable for catering and retail businesses with more than one million prizes. During the promotion period, users can enter the activity page multiple times to participate in the lucky draw. To stimulate the consumption desire of tourists and citizens, the more they consume, the more chances they get for participating in the lucky draw. The activity promotes the development of domestic market, assists SMEs to increase their business volume, and helps further development of the real economy in Macau.

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.

Strategic Investments

(i) First Games Technology Private Limited in India:

A joint venture company of the Group with One97 Communications Limited (“**One97**”), namely, First Games Technology Private Limited (the “**JV**”) (formerly known as Paytm First Games Private Limited), developed and operated its mobile games and entertainment platform, namely “First Games”, in India. One97 is the owner of Paytm, which is a leading mobile payment platform in India. 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.

(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 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.

The Group strives to help Macau enterprises to provide tourists with more convenient multi-scene services, and support Macau's economic recovery and growth.

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. Leveraging the advantages of Alipay+, the Group will integrate relevant industries in Macau through channels and contents, accurately present Macau's cultural tourism advantages such as entertainment, catering and shopping to potential tourists, assist collaborating merchants to increase their online exposure, and deeply build Macau into a new form of "top-notch tourist destination".

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. 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. 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.

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 Nine-Month Period amounted to approximately HK\$447.7 million (Nine months ended September 30, 2022: approximately HK\$247.6 million), representing an increase of approximately 80.8% over the corresponding period in 2022. For the Nine-Month Period, revenue contributions were mainly derived from provision of electronic payment and related services in Macau of approximately HK\$280.4 million (Nine months ended September 30, 2022: approximately HK\$105.4 million) and lottery and related business (including lottery hardware sales, provision of lottery distribution and ancillary services in Chinese Mainland) of approximately HK\$167.3 million (Nine months ended September 30, 2022: approximately HK\$142.2 million).

For revenue from the electronic payment and related businesses, the increase by approximately HK\$175.0 million to approximately HK\$280.4 million is mainly due to a combination of factors: (i) the consolidation of the revenue of the acquired wholly-owned subsidiary of the Company in Macau, Macau Pass, throughout the entire Nine-Month Period, 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 September 30, 2022 only for the nine months ended September 30, 2022, leading to the increase in revenue for the three months ended March 31, 2023 by approximately HK\$106.1 million; (ii) the increase in revenue of the electronic payment business in Macau for the six months ended September 30, 2023 as compared to the six months ended September 30, 2022 by approximately HK\$54.3 million, as a result of the gradual economic recovery post-COVID-19 pandemic, the increase in tourist arrivals in Macau and no further extension on the exemption on transaction service fees charged to small and medium enterprises after the end of February 2023; and (iii) the increase in revenue from lifestyle, games and entertainment, marketing technical services and e-commerce business by approximately HK\$12.9 million as a result of the Group's initiation and participation in the lifestyle, cultural and entertainment market in Macau during the Nine-Month Period and the inclusion of the Macau Pass Group's revenue arising from merchant coupons sales and commissions following the acquisition of the Macau Pass Group for the entire Nine-Month Period.

For revenue derived from lottery and related business, the increase by approximately HK\$25.1 million to approximately HK\$167.3 million is mainly due to the increases in revenue from the provision of lottery distribution and ancillary services by approximately HK\$23.9 million as a result of the Group's continuous effort in expanding its network of collaboration with retail sales outlets for lottery distribution and increase in lottery sales volume after the recovery from pandemic.

There was an increase in other operating expenses of the Group by approximately HK\$87.2 million to approximately HK\$239.1 million for the Nine-Month Period (Nine months ended September 30, 2022: approximately HK\$151.9 million), mainly due to a combination of factors: (i) an increase in service fees paid to other payment service providers in respect of the electronic payment services by approximately HK\$66.1 million; (ii) an increase in cost incurred for e-wallet services' customer loyalty programme by approximately HK\$8.1 million; (iii) an increase in distribution expenses in relation to lottery distribution business by approximately HK\$19.4 million; and partially offset by the decrease in marketing expenses by approximately HK\$12.6 million.

Employee benefits expenses increased by approximately HK\$33.8 million to approximately HK\$123.4 million for the Nine-Month Period (Nine months ended September 30, 2022: approximately HK\$89.6 million), mainly due to (i) the inclusion of the Macau Pass Group's employee benefits expenses following the acquisition of the Macau Pass Group for the entire Nine-Month Period, whereas such expenses were consolidated into the financial statements of the Group only from March 24, 2022 to September 30, 2022 for the nine months ended September 30, 2022; and (ii) the recruitment of staff across the Group to cope with the business growth and expansion.

Depreciation and amortization expenses increased by approximately HK\$9.4 million to approximately HK\$52.6 million for the Nine-Month Period (Nine months ended September 30, 2022: approximately HK\$43.2 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 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 Nine-Month Period, whereas such expenses were consolidated into and recognized in the financial statements of the Group only from March 24, 2022 to September 30, 2022 for the nine months ended September 30, 2022.

Operating loss for the Nine-Month Period was approximately HK\$23.0 million (Nine months ended September 30, 2022: approximately HK\$112.5 million). The decrease in operating loss 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 decrease in net other losses by approximately HK\$18.9 million mainly due to a reduction of foreign exchange loss as a result of the stabilization of the depreciation of Renminbi against Hong Kong dollars; and (iii) the increase in other income by approximately HK\$2.4 million to approximately HK\$9.9 million as a result of the increase in technical services income (Nine months ended September 30, 2022: approximately HK\$7.5 million).

The profit for the Nine-Month Period was approximately HK\$26.7 million (Nine months ended September, 2022: loss of approximately HK\$124.6 million). Apart from the above-mentioned factors for the decrease in operating loss, the change from loss to profit for the Nine-Month Period was also primarily attributable to (i) the increase in net finance income by approximately HK\$30.0 million to approximately HK\$47.8 million (Nine months ended September 30, 2022: approximately HK\$17.8 million) mainly due to the increases in average bank deposits balances of the Group for the Nine-Month Period (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) and the increase in market interest rates for the Nine-Month Period; and (ii) a fair value gain on the convertible term loan facilities provided by the Group to its 45%-owned joint venture company in India of approximately HK\$1.9 million which was recognized for the Nine-Month Period, whereas a loss on fair value changes of such financial assets of approximately HK\$29.6 million was recorded for the corresponding period in 2022.

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

As at September 30, 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 5.48 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 and 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	54,158,000 (Note 2)	2,006,250,000 (Note 3)	2,060,408,000	17.652%
Ms. Hu Taoye	5,384,000 (Note 4)	–	5,384,000	0.046%
Mr. Tung Pen Hung (Appointed on May 12, 2023)	–	–	–	0%
Ms. Qin Yuehong (Appointed on May 12, 2023)	–	–	–	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 September 30, 2023.
2. It represents 46,158,000 Shares and 8,000,000 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 & CEO of the Company, Mr. Sun was deemed to be interested in such Shares under the SFO.
4. It represents 288,000 Shares and 5,096,000 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		Approximate percentage of total issued share capital of Alibaba Holding (Note 2)
		(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)	
Ms. Hu Taoye	(Note 3)	18,911	151,288	0.001%
Mr. Tung Pen Hung (Appointed on May 12, 2023)	(Note 4)	79,676	637,408	0.003%
Ms. Qin Yuehong (Appointed on May 12, 2023)	(Note 5)	51,500	412,000	0.002%
Mr. Ji Gang	(Note 6)	10,235	81,880	negligible
Mr. Zou Liang	(Note 7)	2,540	20,320	negligible

Notes:

1. 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.
2. Based on a total of 20,274,382,712 ordinary shares of Alibaba Holding in issue as at September 30, 2023.
3. The interest comprised 16,061 ADSs of Alibaba Holding and 2,850 RSUs of Alibaba Holding beneficially held by Ms. Hu Taoye.
4. The interest comprised 61,926 ADSs of Alibaba Holding and 17,750 RSUs of Alibaba Holding beneficially held by Mr. Tung Pen Hung.
5. The interest comprised 34,500 ADSs of Alibaba Holding and 17,000 RSUs of Alibaba Holding beneficially held by Ms. Qin Yuehong.
6. The interest comprised 8,628 ADSs of Alibaba Holding and 1,607 RSUs of Alibaba Holding beneficially held by Mr. Ji Gang.
7. The interest comprised 2,085 ADSs of Alibaba Holding and 455 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 of total issued share capital of Ali Pictures <i>(Note 1)</i>
Mr. Zou Liang	<i>(Note 2)</i>	90,000	negligible

Notes:

1. Based on a total of 26,975,740,156 ordinary shares of Ali Pictures in issue as at September 30, 2023.
2. The interest comprised 90,000 ordinary shares of Ali Pictures beneficially held by Mr. Zou Liang.

Save as disclosed above, as at September 30, 2023, none of the Directors or 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 5.48 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 September 30, 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%
Shanghai Yunju Venture Capital Investment Co., Ltd. (formerly known as Shanghai Yunju Investment Management Co., Ltd.) (Note 5)	Interest of controlled corporation	6,502,723,993 (Note 8)	55.71%
Ant Holdco (Note 6)	Interest of controlled corporation	6,502,723,993 (Note 8)	55.71%
Hangzhou Yunbo Investment Consultancy Co., Ltd. (Note 7)	Interest of controlled corporation	6,502,723,993 (Note 8)	55.71%
Mr. Ma Yun (Note 7)	Interest of controlled corporation	6,502,723,993 (Note 8)	55.71%
Mr. Jing Eric Xiandong (Note 7)	Interest of controlled corporation	6,502,723,993 (Note 8)	55.71%
Ms. Jiang Fang (Note 7)	Interest of controlled corporation	6,502,723,993 (Note 8)	55.71%
Mr. Hu Simon Xiaoming (Note 7)	Interest of controlled corporation	6,502,723,993 (Note 8)	55.71%
Maxprofit Global Inc. (Note 9)	Beneficial owner	2,006,250,000	17.19%
Mr. Cheung Lup Kwan Vitor (Note 10)	Interest of controlled corporation	584,515,224	5.01%
Rainwood Resources Limited (Note 10)	Beneficial owner	584,515,224	5.01%

Notes:

1. Based on a total of 11,672,342,235 Shares in issue as at September 30, 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% and 22% of Ant Holdco’s total issued shares, respectively.
7. Hangzhou Yunbo Investment Consulting Co., Ltd. (“**Yunbo**”) is the executive partner and 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, which is currently processing.
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 September 30, 2023, the Directors and the chief executive of the Company were not aware of any other person (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 September 30, 2023, apart from the interests in the Shares, underlying Shares and/or debentures of the Company and its associated corporations held by the Directors, chief executive and substantial shareholders of the Company disclosed 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 approximately 33% 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 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. The Audit Committee is chaired by Mr. Chow Siu Lui. The Group’s condensed consolidated financial statements for the Nine-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 Nine-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) between the Company or any of its subsidiaries, and any of its controlling Shareholders (as defined in the GEM Listing Rules) or its subsidiaries at the end of the Nine-Month Period or at any time during the Nine-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 Nine-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 during 2020. As at September 30, 2023, there were no outstanding options granted by the Company pursuant to any share option scheme.

SHARE AWARD SCHEME

During the Nine-Month Period, 42,100,000 award Shares were granted to 39 eligible persons under the Share Award Scheme. The award Shares granted were not subject to performance targets but were subject to clawback mechanism, whereby the award Shares will be cancelled upon the occurrence of certain events including but not limited to cessation of a grantee's employment or service by the Company for cause, and perform any act that may confer a competitive benefit or advantage upon any competitor of the Group. During the Nine-Month Period, 13,715,450 award Shares were vested in the grantees and 18,300,000 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 Nine-Month Period, 5,208,000 Shares were purchased on the Stock Exchange by the trustee of the Share Award Scheme. 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, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the Nine-Month Period, neither the Company nor any of its subsidiaries purchased, redeemed or sold 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 depositary 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 Codes: 9988 (HKD Counter) and 89988 (RMB Counter));
“Alipay”	支付寶(中國)網絡技術有限公司 (Alipay.com Co., Ltd.*), a company established 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;
“Alipay+”	a global payments platform through which payment processing, clearing and settlement, and other services are provided by Ant Group;
“AMCM”	Autoridade Monetária de Macau (the 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.), 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, the issued Shares of which are listed on GEM;
“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;
“MOP”	Macau patacas, the lawful currency of Macau;
“MPay”	the e-wallet operated by Macau Pass;
“PRC” or “China”	the People’s Republic of China which, for the purpose of this announcement, refers to Chinese Mainland only;
“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;
“Taobao”	淘寶(中國)軟件有限公司 (Taobao (China) Software Co., Ltd.*), a company established under the laws of the PRC and a subsidiary of Alibaba Holding;
“Welfare Lottery”	the national welfare lottery of China; and
“%”	per cent.

Notes:

1. In this announcement, the exchange rates of HK\$1.1145 to RMB1.00 and MOP1 to HK\$0.9709 have been used for reference only.
2. 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.
3. 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, November 8, 2023

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 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.