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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)

**REVISION OF EXISTING ANNUAL CAP OF
CONTINUING CONNECTED TRANSACTIONS –
COOPERATION AGREEMENT
IN RELATION TO
THE PROVISION OF SERVICES
FOR SALE OF SPORTS/WELFARE LOTTERY PRODUCTS**

Reference is made to the announcement of the Company dated December 17, 2021 in respect of the Cooperation Agreement entered into among CLM and ZCLM, each being an indirect wholly-owned subsidiary of the Company, and Alibaba China in relation to the sale of sports and/or welfare lottery products in the PRC via the retail shops for a term commencing from January 1, 2022 to December 31, 2023.

For the reasons disclosed in the section headed “Reasons for and Benefits of the Revision of the Existing Annual Cap” below, the Board resolves to revise and increase the Existing 2023 Annual Cap of HK\$5.2 million to the Revised 2023 Annual Cap of HK\$6 million.

GEM LISTING RULES IMPLICATIONS

Ali Fortune, the controlling shareholder of the Company holding 6,502,723,993 Shares (representing approximately 55.7% of the issued share capital of the Company), is indirectly owned as to 60% by Alibaba Holding. Alibaba China, being an indirect wholly-owned subsidiary of Alibaba Holding, is an associate of Ali Fortune and a connected person of the Company. Therefore, the transactions contemplated under the Cooperation Agreement constitute continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules.

Pursuant to Rule 20.52(1) of the GEM Listing Rules, the Company shall re-comply with the announcement and independent shareholders' approval requirements (if applicable) before the Existing 2023 Annual Cap is exceeded. As one or more of the applicable percentage ratios in respect of the Revised 2023 Annual Cap are more than 0.1% but all of them are less than 5%, the revision of the Existing 2023 Annual Cap is subject to the reporting, announcement and annual review requirements but is exempt from the circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

REVISION OF EXISTING ANNUAL CAP

Reference is made to the announcement of the Company dated December 17, 2021 in respect of the Cooperation Agreement entered into among CLM and ZCLM, each being an indirect wholly-owned subsidiary of the Company, and Alibaba China in relation to the sale of sports and/or welfare lottery products in the PRC via the retail shops for a term commencing from January 1, 2022 to December 31, 2023. Unless the context requires otherwise, capitalized terms used herein shall have the same meanings as defined in the 2021 Announcement.

For the reasons disclosed in the section headed "Reasons for and Benefits of the Revision of the Existing Annual Cap" below, the Board resolves to revise and increase the Existing 2023 Annual Cap of HK\$5.2 million to the Revised 2023 Annual Cap of HK\$6 million.

The Board confirms that the Existing 2023 Annual Cap has not yet been exceeded as at the date of this announcement. Save for the Revised 2023 Annual Cap, all the terms and conditions under the Cooperation Agreement remain unchanged. The Company will continue to closely monitor the implementation of the Cooperation Agreement and take prompt actions to make necessary disclosure and, if necessary, obtain independent shareholders' approval in the event that any further adjustment to the Revised 2023 Annual Cap becomes foreseeable.

HISTORICAL TRANSACTION AMOUNT

The service fees paid by the Group to Alibaba China with respect to the transactions under the Cooperation Agreement for the year ended December 31, 2022 and for the period from January 1, 2023 to October 31, 2023 were HK\$4,120,000 and HK\$4,319,000, respectively.

REASONS FOR AND BENEFITS OF THE REVISION OF THE EXISTING ANNUAL CAP

In view of the expected increase in demand of the transactions under the Cooperation Agreement for the remaining period during the 12 months ending December 31, 2023, the Board expects that the aggregate amounts of service fees payable by the Group to Alibaba China with respect to the transactions contemplated under the Cooperation Agreement will be higher than the level envisaged at the time when the parties entered into the Cooperation Agreement. The Board expects that the Existing 2023 Annual Cap of HK\$5.2 million will not be sufficient and resolves to revise the same to the Revised 2023 Annual Cap of HK\$6 million. Through the increase in the relevant annual cap, the Group will be able to continue to cooperate with Alibaba China in relation to the sale of sports and/or welfare lottery products in the PRC via the retail shops in the remaining period of the 12 months ending December 31, 2023.

The Revised 2023 Annual Cap was determined with reference to the following factors:

- (1) the historical aggregate amounts of service fees paid by the Group to Alibaba China with respect to the transactions contemplated under the Cooperation Agreement for the year ended December 31, 2022 and the ten months ended October 31, 2023, respectively; and
- (2) the expected demand of the transactions under the Cooperation Agreement for the remaining period during the 12 months ending December 31, 2023.

The Directors (including the independent non-executive Directors) considered that the Revised 2023 Annual Cap is on normal commercial terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

As Mr. Tung Pen Hung and Ms. Qin Yuehong are employees of Alibaba Group, each of these Directors is deemed or may be perceived to have a material interest in the Cooperation Agreement and the transactions contemplated thereunder (including the Revised 2023 Annual Cap), and had therefore abstained from voting on the Board resolution(s) for approval of the Revised 2023 Annual Cap).

GEM LISTING RULES IMPLICATIONS

Ali Fortune, the controlling shareholder of the Company holding 6,502,723,993 Shares (representing approximately 55.7% of the issued share capital of the Company), is indirectly owned as to 60% by Alibaba Holding. Alibaba China, being an indirect wholly-owned subsidiary of Alibaba Holding, is an associate of Ali Fortune and a connected person of the Company. Therefore, the transactions contemplated under the Cooperation Agreement constitute continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules.

Pursuant to Rule 20.52(1) of the GEM Listing Rules, the Company shall re-comply with the announcement and independent shareholders' approval requirements (if applicable) before the Existing 2023 Annual Cap is exceeded. As one or more of the applicable percentage ratios in respect of the Revised 2023 Annual Cap are more than 0.1% but all of them are less than 5%, the revision of the Existing 2023 Annual Cap is subject to the reporting, announcement and annual review requirements but is exempt from the circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

INFORMATION ABOUT THE PARTIES

The Company, the Group, CLM and ZCLM

The Company was incorporated in Bermuda and the Shares are listed on GEM of the Stock Exchange. The Group 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.

Each of CLM and ZCLM is a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company. Each of them is principally engaged in the provision of lottery management consultancy services, lottery sales and marketing services, and lottery distribution channel development.

Alibaba Holding, Alibaba Group and Alibaba China

Alibaba Holding is 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 Code: 9988 (HKD Counter) and 89988 (RMB Counter)).

Alibaba Group's mission is to make it easy to do business anywhere. Alibaba Group aims to build the future infrastructure of commerce and envisions that its customers will meet, work and live at Alibaba, and that it aspires to be a good company that will last for 102 years. Alibaba Holding is a holding company of six major business groups: Taobao and Tmall Group, Alibaba International Digital Commerce Group, Cloud Intelligence Group, Local Services Group, Cainiao Smart Logistics Network Limited, and Digital Media and Entertainment Group, along with various other businesses.

Alibaba China is a limited liability company established in the PRC and an indirect wholly-owned subsidiary of Alibaba Holding. It is principally engaged in the operation of Alibaba Holding's wholesale marketplaces, including Lingshoutong, a digital sourcing platform for retailers.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“2021 Announcement”	the announcement of the Company dated December 17, 2021 in respect of the Cooperation Agreement and the transactions contemplated thereunder
“Existing 2023 Annual Cap”	the existing annual cap for the transactions contemplated under the Cooperation Agreement for the 12 months ending December 31, 2023
“Revised 2023 Annual Cap”	the revised annual cap for the transactions contemplated under the Cooperation Agreement for the 12 months ending December 31, 2023

By order of the Board
AGTech Holdings Limited
Sun Ho
Chairman & CEO

Hong Kong, December 8, 2023

* *For identification purposes 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 Qunyao and Mr. Chow Siu Lui as independent non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the HKEXnews website operated by the Stock Exchange at www.hkexnews.hk 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.