

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



AGTech Holdings Limited

亞博科技控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 8279)

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS –
2023 COOPERATION AGREEMENT
IN RELATION TO
THE PROVISION OF SERVICES
FOR SALE OF SPORTS/WELFARE LOTTERY PRODUCTS**

2023 COOPERATION AGREEMENT

References are made to (i) the announcement of the Company dated December 17, 2021 in respect of the 2021 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, and (ii) the announcement of the Company dated December 8, 2023 in respect of the revision of the annual cap for the year ending December 31, 2023 under the 2021 Cooperation Agreement.

As the 2021 Cooperation Agreement will expire on December 31, 2023, CLM and ZCLM entered into the 2023 Cooperation Agreement with Alibaba China and Shanghai Caicai on December 21, 2023 to renew the existing continuing connected transactions under the 2021 Cooperation Agreement for a term commencing from January 1, 2024 to March 31, 2026.

GEM LISTING RULES IMPLICATIONS

As at the date of this announcement, 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. Each of Alibaba China and Shanghai Caicai, being an indirect wholly-owned subsidiary of Alibaba Holding, is an associate of Ali Fortune and a connected person of the Company. Therefore, the entering into of the 2023 Cooperation Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules.

Pursuant to Rule 20.52(2) of the GEM Listing Rules, the Company shall re-comply with the announcement and independent shareholders' approval requirements (if applicable) before the transactions contemplated under the 2021 Cooperation Agreement are renewed.

As one or more of the applicable percentage ratios in respect of the highest Annual Cap for the transactions contemplated under the 2023 Cooperation Agreement are more than 0.1% but all of them are less than 5%, the entering into of the 2023 Cooperation Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

BACKGROUND

References are made to (i) the announcement of the Company dated December 17, 2021 in respect of the 2021 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, and (ii) the announcement of the Company dated December 8, 2023 in respect of the revision of the annual cap for the year ending December 31, 2023 under the 2021 Cooperation Agreement.

2023 COOPERATION AGREEMENT

As the 2021 Cooperation Agreement will expire on December 31, 2023, CLM and ZCLM entered into the 2023 Cooperation Agreement with Alibaba China and Shanghai Caicai on December 21, 2023 to renew the existing continuing connected transactions under the 2021 Cooperation Agreement for a term commencing from January 1, 2024 to March 31, 2026. The principal terms of the 2023 Cooperation Agreement are set out below:

Date

December 21, 2023

Parties

- (i) CLM;
- (ii) ZCLM;
- (iii) Alibaba China; and
- (iv) Shanghai Caicai.

Duration

The term of the 2023 Cooperation Agreement shall commence from January 1, 2024 to March 31, 2026.

Services to be provided

Pursuant to the 2023 Cooperation Agreement, CLM and/or ZCLM shall cooperate with Alibaba China and Shanghai Caicai in relation to the sale of sports and/or welfare lottery products in the PRC via physical retail shops. CLM and ZCLM shall be responsible for entering into agreements separately with various provincial China Sports Lottery Administration Centers and/or China Welfare Lottery Issuance and Administration Centers in the PRC (collectively, the “**Lottery Centers**”), and shall recommend to the Lottery Centers some retail shops, which shall meet the required standards of the Lottery Centers and shall be selected by Alibaba China, Shanghai Caicai and its affiliates to set up as lottery sales outlets (the “**Sales Outlets**”), to act as selling agents, or to provide services to CLM and/or ZCLM which act as selling agents, for the sale of sports and/or welfare lottery products in the PRC. Where a retail shop acts as a selling agent, a separate agreement will be entered into between the retail shop and China Sports Lottery Administration Center or China Welfare Lottery Issuance and Administration Center in the PRC.

The above physical retail shops mainly refer to: (i) retail shops under the retail network of Lingshoutong (零售通) (a digital sourcing platform for retailers) of Alibaba China and other retail shops installed with Ruyi POS machines (including those retail shops under the retail network of Lingshoutong set up prior to the date of the 2023 Cooperation Agreement from the previous cooperation between CLM/ZCLM and Alibaba China) (collectively, the “**Shops under Alibaba China’s Retail Network**”), and (ii) physical pickup stores of Taobao Grocery Group (淘寶買菜團點) of Shanghai Caicai (a community E-commerce platform) and its affiliates (including those physical pickup stores under the network of Taobao Grocery Group set up prior to the date of the 2023 Cooperation Agreement from the previous cooperation between CLM/ZCLM and Shanghai Caicai) (collectively, the “**Shops under Shanghai Caicai’s Retail Network**”).

Service fees and payment terms

The service fees payable by CLM and/or ZCLM to Alibaba China and Shanghai Caicai, respectively under the 2023 Cooperation Agreement will be calculated as follows:

- (i) Where CLM and/or ZCLM acts as selling agents and receives sales commission from Lottery Centers,

Service fees payable to Alibaba China	=	(sales commission receivable by CLM and/or ZCLM from Lottery Centers for the sale of lottery products (exclusive of taxes) with respect to Sales Outlets under the Shops under Alibaba China’s Retail Network – service fees payable to the Shops under Alibaba China’s Retail Network + incentive fee payable by Alibaba China to its business development personnel – other costs and expenses payable by CLM and/or ZCLM) x 50%
--	---	--

Service fees payable to Shanghai Caicai	=	(sales commission receivable by CLM and/or ZCLM from Lottery Centers for the sale of lottery products (exclusive of taxes) with respect to Sales Outlets under the Shops under Shanghai Caicai’s Retail Network – service fees payable to the Shops under Shanghai Caicai’s Retail Network + incentive fee payable by Shanghai Caicai to its business development personnel – other costs and expenses payable by CLM and/or ZCLM) x 50%
--	---	--

The service fees payable to the Shops under Retail Network (which are not controlled or owned by the Alibaba Group) will be determined on a case-by-case basis with reference to (i) where applicable, the recommendations made by the relevant Lottery Centers, and/or (ii) the mutual agreement between CLM/ZCLM and the Shops under Retail Network after arm's length negotiations and taking into consideration, among other things, the nature and quantity of the relevant sports and/or welfare lottery products to be sold and the specific scope of services to be provided by the Shops under Retail Network to CLM/ZCLM.

- (ii) Where Shops under Retail Network act as selling agents and CLM and/or ZCLM receive service fees (including but not limited to sales channel management fees and promotion fees) from Lottery Centers,

Service fees payable to Alibaba China = (service fees receivable by CLM and/or ZCLM from Lottery Centers (exclusive of taxes) with respect to Sales Outlets under the Shops under Alibaba China's Retail Network + incentive fee payable by Alibaba China to its business development personnel – other costs and expenses payable by CLM and/or ZCLM) x 50%

Service fees payable to Shanghai Caicai = (service fees receivable by CLM and/or ZCLM from Lottery Centers (exclusive of taxes) with respect to Sales Outlets under the Shops under Shanghai Caicai's Retail Network + incentive fee payable by Shanghai Caicai to its business development personnel – other costs and expenses payable by CLM and/or ZCLM) x 50%

The incentive fee payable by Alibaba China and Shanghai Caicai to their business development personnel for expansion of sales channels will be calculated at an amount not exceeding RMB200 per Sales Outlet. Specific incentive schemes (including but not limited to the amount of incentive fee and the time of payment) will be mutually agreed by CLM/ZCLM and Alibaba China/Shanghai Caicai, depending on the actual circumstances of each province.

Other costs and expenses payable by CLM and/or ZCLM refer to any other direct costs and expenses incurred by CLM and/or ZCLM and confirmed by Alibaba China/Shanghai Caicai and CLM/ZCLM, including but not limited to, courier fees, delivery service fees, marketing fees, packaging fees, production fees, outsourcing personnel costs, fees incurred for collecting service fee invoices, other costs and expenses incurred by CLM and/or ZCLM for the management and operation of Sales Outlets. Other costs and expenses payable by CLM and/or ZCLM will be calculated based on the actual amount incurred by particular Sales Outlets. If such costs and expenses are not incurred by

particular Sales Outlets, they will be calculated based on the number of Sales Outlets of Alibaba China/Shanghai Caicai as a percentage of the total number of Sales Outlets managed by CLM and ZCLM in the locality.

The above-mentioned net revenue sharing ratios on a 50:50 basis in calculating the service fees payable by CLM/ZCLM to Alibaba China/Shanghai Caicai under the 2023 Cooperation Agreement are determined with reference to (i) the revenue-sharing model that was previously adopted between a similar platform of Alibaba Group and its other business partners who were independent third parties; and (ii) the scale of potential customers that can be reached by utilizing the channels and networks of Alibaba Group and its expected traffic volume.

The service fees for the Transactions shall be settled on a monthly basis. CLM and ZCLM shall pay Alibaba China and Shanghai Caicai the service fees at the end of each month with respect to the Transactions conducted in the previous month.

HISTORICAL TRANSACTION AMOUNTS AND BASIS OF DETERMINING THE ANNUAL CAPS

Historical amounts of the service fees

The table below sets forth the historical amount of the service fees paid by the Group to Alibaba China with respect to the transactions under the 2021 Cooperation Agreement for the year ended December 31, 2022 and the period from January 1, 2023 to November 30, 2023:

For the year ended December 31, 2022	For the period from January 1, 2023 to November 30, 2023
<i>HK\$000</i>	<i>HK\$000</i>
4,120	4,919

The annual caps for the service fees under the 2021 Cooperation Agreement

The table below sets forth the annual caps for the service fees payable by the Group to Alibaba China with respect to the transactions under the 2021 Cooperation Agreement for the year ended December 31, 2022 and the 12 months ending December 31, 2023:

For the year ended December 31, 2022	For the 12 months ending December 31, 2023
<i>HK\$000</i>	<i>HK\$000</i>
4,500	5,200 (before revision of annual cap)
	6,000 (after revision of annual cap)

The Annual Caps

The annual caps for the aggregate amounts of service fees payable by the Group to Alibaba China and Shanghai Caicai with respect to the Transactions for the period from January 1, 2024 to March 31, 2026:

For the period from January 1, 2024 to March 31, 2024	For the period from April 1, 2024 to March 31, 2025	For the period from April 1, 2025 to March 31, 2026
<i>HK\$000</i>	<i>HK\$000</i>	<i>HK\$000</i>
2,000	9,000	12,000

Basis for determining the Annual Caps

The Annual Caps relating to the Transactions are determined with reference to the following principal factors:

- (i) the historical aggregate amounts of service fees paid by the Group to Alibaba China with respect to the transactions contemplated under the 2021 Cooperation Agreement for the year ended December 31, 2022 and the 11 months ended November 30, 2023; and
- (ii) the projected aggregate amounts of service fees payable by the Group to Alibaba China and/or Shanghai Caicai for the term of the 2023 Cooperation Agreement.

INTERNAL CONTROL MEASURES FOR THE TRANSACTIONS

The Group has internal controls in place to monitor the utilization of the Annual Caps which require the submission of monthly reports on the accumulated amounts of the Transactions by the finance team to the Company's chief financial officer, the company secretary and the internal auditor. The company secretary shall promptly liaise with the business team as and when any of the Annual Caps has been 70% utilized in order to agree and implement measures to control and avoid exceeding any of the Annual Caps. The 2023 Cooperation Agreement includes a customary provision pursuant to which Alibaba China and/or Shanghai Caicai shall, subject to applicable laws and regulations and prior written notice, generally allow the auditors of CLM and/or ZCLM to access to information necessary to report on the Transactions. The parties to the 2023 Cooperation Agreement have also agreed that they must abide by the GEM Listing Rules when performing their obligations under the terms of the 2023 Cooperation Agreement, including but not limited to the amounts of the Annual Caps for the Transactions. If the accumulated amounts of the Transactions are about to exceed the Annual Caps which will result in the Group being unable to perform its contractual obligations stipulated under the terms of the 2023 Cooperation Agreement, the Group shall be allowed to temporarily suspend the performance of its contractual obligations stipulated in the 2023 Cooperation Agreement until the Group complies with the GEM Listing Rules (including obtaining approval of the revised annual cap amount(s) for the Transactions), and such temporary suspension shall not constitute a breach of any provisions of the 2023 Cooperation Agreement by the Group. The parties to the 2023 Cooperation Agreement have also agreed to amend or update the relevant terms of the 2023 Cooperation Agreement in response to any future amendments to the GEM Listing Rules in respect of connected transaction requirements.

As part of the overall monitoring of the Transactions, sample checks will be conducted by the Group's internal audit department at least annually on, among other things, the pricing, payment terms and the utilization of the Annual Caps. In addition, the Transactions will be subject to annual review by the independent non-executive Directors and the auditors of the Company of their terms and the Annual Caps, and the Company is required to report the findings of such annual review in its annual report in compliance with the GEM Listing Rules.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2023 COOPERATION AGREEMENT

By entering into the 2023 Cooperation Agreement and through the cooperation with the Shops under Retail Network, the Group can continue to promote the sales of sports and welfare lottery products to more customers through Alibaba Group's physical retail distribution channel and networks, thereby maintaining a stable source of revenue from the Group's lottery distribution business.

The Directors (including the independent non-executive Directors) are of the view that the terms of the 2023 Cooperation Agreement are fair and reasonable, and the transactions contemplated thereunder (including the Annual Caps) are on normal commercial terms, in the ordinary and usual course of business of the Group 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 2023 Cooperation Agreement and the transactions contemplated thereunder (including the Annual Caps), and had therefore abstained from voting on the Board resolution(s) for approval of the 2023 Cooperation Agreement and the transactions contemplated thereunder (including the Annual Caps).

GEM LISTING RULES IMPLICATIONS

As at the date of this announcement, 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. Each of Alibaba China and Shanghai Caicai, being an indirect wholly-owned subsidiary of Alibaba Holding, is an associate of Ali Fortune and a connected person of the Company. Therefore, the entering into of the 2023 Cooperation Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules.

Pursuant to Rule 20.52(2) of the GEM Listing Rules, the Company shall re-comply with the announcement and independent shareholders' approval requirements (if applicable) before the transactions contemplated under the 2021 Cooperation Agreement are renewed.

As one or more of the applicable percentage ratios in respect of the highest Annual Cap for the transactions contemplated under the 2023 Cooperation Agreement are more than 0.1% but all of them are less than 5%, the entering into of the 2023 Cooperation Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but are 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, Alibaba China and Shanghai Caicai

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.

Shanghai Caicai is a limited liability company established in the PRC and an indirect wholly-owned subsidiary of Alibaba Holding. It is principally engaged in community e-commerce business.

DEFINITIONS

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

“2021 Cooperation Agreement”	the cooperation agreement dated December 17, 2021 entered into among CLM, ZCLM and Alibaba China in relation to the cooperation among the parties for sale of sports and/or welfare lottery products in the PRC
“2023 Cooperation Agreement”	the cooperation agreement dated December 21, 2023 entered into among CLM, ZCLM, Alibaba China and Shanghai Caicai in relation to the cooperation among the parties for sale of sports and/or welfare lottery products in the PRC
“Ali Fortune”	Ali Fortune Investment Holding Limited, a company incorporated under the laws of the British Virgin Islands and the controlling shareholder of the Company
“Alibaba China”	阿里巴巴(中國)網絡技術有限公司(Alibaba (China) Technology Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of Alibaba Holding
“Alibaba Group”	Alibaba Holding and its subsidiaries from time to time
“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 code: 9988 (HKD Counter) and 89988 (RMB Counter))
“Annual Cap(s)”	the maximum aggregate service fees payable by the Group to Alibaba China and Shanghai Caicai with respect to the Transactions under the 2023 Cooperation Agreement
“associate”, “connected person”, “controlling shareholder”, “percentage ratio(s)”, “subsidiary(ies)”	each has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors

“CLM”	世紀星彩企業管理有限公司 (China Lottery Management Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Company”	AGTech Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on GEM of the Stock Exchange (Stock Code: 8279)
“Director(s)”	director(s) of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lottery Centers”	has the meaning as defined in the section headed “2023 COOPERATION AGREEMENT – Services to be provided” of this announcement
“PRC”	the People’s Republic of China which, for the purpose of this announcement, refers to Chinese Mainland only
“Sales Outlets”	has the meaning as defined in the section headed “2023 COOPERATION AGREEMENT – Services to be provided” of this announcement
“Shanghai Caicai”	上海菜菜超市有限公司 (Shanghai Caicai Supermarket Co. Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of Alibaba Holding
“Share(s)”	ordinary share(s) of HK\$0.002 each in the share capital of the Company
“Shops under Alibaba China’s Retail Network”	has the meaning as defined in the section headed “2023 COOPERATION AGREEMENT – Services to be provided” of this announcement

“Shops under Shanghai Caicai’s Retail Network”	has the meaning as defined in the section headed “2023 COOPERATION AGREEMENT – Services to be provided” of this announcement
“Shops under Retail Network”	Shops under Alibaba China’s Retail Network and Shops under Shanghai Caicai’s Retail Network
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the transactions contemplated under the 2023 Cooperation Agreement
“ZCLM”	浙江世紀星彩企業管理有限公司(Zhejiang Century Star Lottery Enterprise Management Limited*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent

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

Hong Kong, December 21, 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.