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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.



AGTech Holdings Limited
亞博科技控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 8279)

**SECOND INTERIM RESULTS ANNOUNCEMENT
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2023**

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

* For identification purpose only

FINANCIAL HIGHLIGHTS FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2023

- Revenue of the Group for the 12-Month Period amounted to approximately HK\$596.4 million (Twelve months ended December 31, 2022: approximately HK\$351.4 million), representing an increase of approximately 69.7% over the corresponding period in 2022. For the 12-Month Period, revenue contributions were mainly derived from provision of electronic payment and related services in Macau of approximately HK\$362.6 million (Twelve months ended December 31, 2022: approximately HK\$180.2 million) and lottery and related business (including lottery hardware sales, provision of lottery distribution and ancillary services in Chinese Mainland) of approximately HK\$233.8 million (Twelve months ended December 31, 2022: approximately HK\$171.2 million). The increase in revenue from the electronic payment and related businesses by approximately HK\$182.4 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 12-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 December 31, 2022 only for the twelve months ended December 31, 2022; coupled with the increase in tourist arrivals in Macau during the 12-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\$62.6 million was mainly due to the increases in revenue from the sales of lottery hardware by approximately HK\$39.5 million and increase in revenue from the provision of lottery distribution and ancillary services by approximately HK\$27.8 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\$35.3 million was recorded for the 12-Month Period (Twelve months ended December 31, 2022: operating loss of approximately HK\$129.7 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\$17.9 million to approximately HK\$7.5 million mainly due to a reduction of foreign exchange loss; and partially offset by the increase in employee benefits expenses by approximately HK\$37.3 million to approximately HK\$165.1 million for the 12-Month Period.
- EBITDA¹ of the Group for the 12-Month Period was approximately HK\$39.5 million (Twelve months ended December 31, 2022: Negative EBITDA of approximately HK\$37.7 million).
- The profit for the 12-Month Period was approximately HK\$29.0 million (Twelve months ended December 31, 2022: loss of approximately HK\$131.1 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\$16.5 million to approximately HK\$60.8 million (Twelve months ended December 31, 2022: approximately HK\$44.4 million) and a fair value gain on financial assets of approximately HK\$2.2 million was recognized for the 12-Month Period (Twelve months ended December 31, 2022: loss of approximately HK\$39.9 million).
- The Board does not recommend the payment of an interim dividend for the 12-Month Period.

Note 1: EBITDA is calculated as profit/(loss) before income tax excluding net other losses, depreciation and amortization expenses, gain/(loss) on fair value changes of financial assets at fair value through profit or loss, imputed interest expense on deferred consideration and net finance income.

SECOND INTERIM RESULTS

Reference is made to the announcements of the Company dated December 7, 2023 and January 2, 2024 in relation to the change of financial year end date of the Company from December 31 to March 31 and its update, respectively. As a result of such change of financial year end date, the Board hereby announces the unaudited consolidated second interim results of the Group for the three months ended December 31, 2023 (the “**Three-Month Period**”) and the twelve months ended December 31, 2023 (the “**12-Month Period**”), together with the unaudited and audited comparative figures for the corresponding periods in 2022 as follows:

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

For the three months and twelve months ended December 31, 2023

	Notes	Three months ended December 31,		Twelve months ended December 31,	
		2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2023 (unaudited) HK\$'000	2022 (audited) HK\$'000
Revenue	3	148,792	103,816	596,449	351,414
Other income		3,184	5,999	13,114	13,503
Net other losses		(2,193)	(1,250)	(7,523)	(25,443)
Employee benefits expenses		(41,636)	(38,207)	(165,054)	(127,788)
Purchases of and changes in inventories		(23,555)	(4,022)	(83,717)	(62,718)
Depreciation and amortization expenses		(14,651)	(23,373)	(67,236)	(66,581)
Other operating expenses	4	(82,260)	(60,227)	(321,342)	(212,102)
Operating loss		(12,319)	(17,264)	(35,309)	(129,715)
Gain/(loss) on fair value changes of financial assets at fair value through profit or loss		228	(10,272)	2,171	(39,901)
Imputed interest expense on deferred consideration		–	(2,110)	(1,675)	(4,148)
Net finance income		13,055	26,556	60,816	44,364
Profit/(loss) before income tax		964	(3,090)	26,003	(129,400)
Income tax credit/(expense)	5	1,316	(3,432)	2,996	(1,688)
Profit/(loss) for the period	6	2,280	(6,522)	28,999	(131,088)

	Notes	Three months ended		Twelve months ended	
		December 31,		December 31,	
		2023	2022	2023	2022
		(unaudited)	(unaudited)	(unaudited)	(audited)
		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>16,817</u>	<u>11,671</u>	<u>(10,436)</u>	<u>(58,661)</u>
Other comprehensive income for the period, net of tax		<u>16,817</u>	<u>11,671</u>	<u>(10,436)</u>	<u>(58,661)</u>
Total comprehensive income for the period		<u>19,097</u>	<u>5,149</u>	<u>18,563</u>	<u>(189,749)</u>
Profit/(loss) attributable to:					
Owners of the company		<u>1,877</u>	<u>(6,907)</u>	<u>30,068</u>	<u>(126,700)</u>
Non-controlling interests		<u>403</u>	<u>385</u>	<u>(1,069)</u>	<u>(4,388)</u>
		<u>2,280</u>	<u>(6,522)</u>	<u>28,999</u>	<u>(131,088)</u>
Total comprehensive income attributable to:					
Owners of the company		<u>18,602</u>	<u>4,578</u>	<u>19,499</u>	<u>(182,881)</u>
Non-controlling interests		<u>495</u>	<u>571</u>	<u>(936)</u>	<u>(6,868)</u>
		<u>19,097</u>	<u>5,149</u>	<u>18,563</u>	<u>(189,749)</u>
Earning/(loss) per share					
Basic	7	<u>HK0.016 cent</u>	<u>(HK0.06 cent)</u>	<u>HK0.263 cent</u>	<u>(HK1.11 cents)</u>
Diluted	7	<u>HK0.016 cent</u>	<u>(HK0.06 cent)</u>	<u>HK0.262 cent</u>	<u>(HK1.11 cents)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2023

		Unaudited As at December 31, 2023 <i>HK\$'000</i>	Audited As at December 31, 2022 <i>HK\$'000</i>
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		30,140	34,295
Right-of-use assets		64,444	67,598
Investment properties		30,825	31,399
Goodwill		1,476,261	1,489,082
Other intangible assets		312,566	348,194
Deferred income tax assets		9,854	9,373
Investments accounted for using equity method		–	–
Financial assets at fair value through profit or loss	<i>11</i>	82,467	78,854
Other receivables, deposits and prepayments		20,366	16,882
		2,026,923	2,075,677
Current assets			
Inventories		37,308	33,072
Trade receivables	<i>8</i>	22,003	26,601
Other receivables, deposits and prepayments		347,329	263,090
Cash and bank balances	<i>9</i>	1,367,133	4,023,664
Financial assets at fair value through profit or loss	<i>11</i>	11,273	–
		1,785,046	4,346,427
Total assets		3,811,969	6,422,104

		Unaudited	Audited
		As at	As at
		December 31,	December 31,
		2023	2022
	<i>Note</i>	HK\$'000	HK\$'000
Current liabilities			
Trade payables	10	17,662	31,181
Accruals and other payables		458,569	1,718,736
Floats balance due to card or account holders		443,692	1,744,283
Contract liabilities		75,753	31,623
Card deposits due to cardholders		14,189	15,137
Current income tax liabilities		2	27
Deferred consideration payables		–	74,307
Lease liabilities		11,548	15,894
		<u>1,021,415</u>	<u>3,631,188</u>
Non-current liabilities			
Deferred income tax liabilities		43,716	43,759
Provision for warranties		31,372	27,680
Accruals and other payables		2,356	2,431
Lease liabilities		56,278	54,207
		<u>133,722</u>	<u>128,077</u>
Total Liabilities		<u>1,155,137</u>	<u>3,759,265</u>
Net Assets		<u>2,656,832</u>	<u>2,662,839</u>
Equity			
Share capital		23,344	23,344
Reserves attributable to owners of the Company		2,628,131	2,608,592
		<u>2,651,475</u>	<u>2,631,936</u>
Non-controlling interests		5,357	30,903
Total equity		<u>2,656,832</u>	<u>2,662,839</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the 12-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 (audited)	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 (Note 2)	-	-	-	-	-	-	-	-	-	(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	-	-	-	-	-	-	-	-	-	30,068	30,068	(1,069)	28,999
Other comprehensive income for the period	-	-	-	-	-	(10,569)	-	-	-	-	(10,569)	133	(10,436)
Total comprehensive income for the period	-	-	-	-	-	(10,569)	-	-	-	30,068	19,499	(936)	18,563
Recognition of equity settled share-based payments	-	-	-	3,269	-	-	-	-	-	-	3,269	-	3,269
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	-	1,018	6,870	(5,738)	-	-	-	-	-	(2,150)	-	-	-
Transaction with non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(24,610)	(24,610)
Transactions with shareholder - Employee share-based compensation	-	-	-	-	-	-	-	-	676	-	676	-	676
Balance at December 31, 2023 (unaudited)	23,344	3,399,019	(126,221)	13,393	22,382	55,643	47,191	14,402	45,082	(842,760)	2,651,475	5,357	2,656,832
Balance at January 1, 2022 (audited)	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	-	-	-	-	-	-	-	-	-	(126,700)	(126,700)	(4,388)	(131,088)
Other comprehensive income for the period	-	-	-	-	-	(56,181)	-	-	-	-	(56,181)	(2,480)	(58,661)
Total comprehensive income for the period	-	-	-	-	-	(56,181)	-	-	-	(126,700)	(182,881)	(6,868)	(189,749)
Recognition of equity settled share-based payments	-	-	-	1,721	-	-	-	-	-	-	1,721	-	1,721
Purchase of shares under share award scheme	-	-	(23,602)	-	-	-	-	-	-	-	(23,602)	-	(23,602)
Transfer of shares upon vesting of share awards under share award scheme	-	369	10,806	(11,175)	-	-	-	-	-	-	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(11,760)	(11,760)
Transactions with shareholder - Employee share-based compensation	-	-	-	-	-	-	-	-	210	-	210	-	210
- Employee share-based compensation recharge	-	-	-	-	-	-	-	-	(121)	-	(121)	-	(121)
Transfer to accumulated losses	-	-	-	-	(5,451)	-	-	-	-	5,451	-	-	-
Balance at December 31, 2022 (audited)	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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)**

For the 12-Month Period

	Twelve months ended	
	December 31,	
	2023	2022
	(unaudited)	(audited)
<i>Note</i>	HK\$'000	HK\$'000
Net cash (used in)/generated from operating activities	(2,571,456)	2,747,588
Net cash (used in)/generated from investing activities	(289,707)	234,005
Net cash used in financing activities	(44,837)	(49,532)
Net (decrease)/increase in cash and cash equivalents	(2,906,000)	2,932,061
Cash and cash equivalents at the beginning of the period	4,015,110	1,088,450
Effect of foreign exchange rate changes	(4,640)	(5,401)
Cash and cash equivalents at the end of the period	9 1,104,470	4,015,110

Notes:

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34, “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and disclosure requirements of GEM Listing Rules.

The consolidated financial statements have not been audited by the Company’s auditors, but have 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**”). Saved as disclosed in Note 2, the adoption of new or revised HKFRS that are first effective for the current accounting period does not have a material impact on the Group’s results of operations or financial position. 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. CHANGES IN ACCOUNTING POLICIES

This note discloses the new and amended HKFRSs of Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction* that have been applied from January 1, 2023 and explains the impact of the adoption on the Group's consolidated financial statements.

(a) Amendments to HKAS 12, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning obligations.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented, entities are required to recognize deferred tax assets (to the extent that it is probable that they can be utilized) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with leases and decommissioning obligations. The cumulative effect of recognizing these adjustments is recognized in retained earnings, or another component of equity, as appropriate.

(b) Impact of adoption

The amendments are effective for the Group's reporting periods beginning on January 1, 2023. As at December 31, 2023, the carrying amounts of right-of-use assets, lease liabilities and decommissioning obligations which are subject to the amendments amounted to approximately HK\$64,444,000, HK\$67,826,000 and HK\$2,304,000 respectively, in which the Group has recognized the related deferred tax assets and deferred tax liabilities of approximately HK\$528,000 and HK\$2,720,000 respectively. The cumulative effect of initially applying the amendments has been recognized as an adjustment to the opening balance of accumulated losses at the beginning of the earliest comparative period presented.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable from electronic payment business in Macau (including provision of payment card services and ancillary services, e-wallet services and acquiring services for other payment platforms), lottery business in Chinese Mainland (including lottery hardware sales and related after-sales services, and lottery distribution through physical channels and ancillary services), local consumer services business in Macau and Chinese Mainland (including 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		Twelve months ended	
	December 31,		December 31,	
	2023	2022	2023	2022
	(unaudited)	(unaudited)	(unaudited)	(audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Electronic payment				
(i) provision of payment card services and ancillary services	15,041	37,795	89,527	87,949
(ii) provision of e-wallet services	30,875	13,170	103,422	32,401
(iii) provision of acquiring services for other payment platforms	30,475	19,050	146,677	52,505
	76,391	70,015	339,626	172,855
Lottery				
(i) Lottery hardware sales	38,272	4,093	141,541	102,009
(ii) Lottery distribution through physical channels and ancillary services	28,331	24,368	91,224	63,410
	66,603	28,461	232,765	165,419
Local consumer services: Lifestyle, games and entertainment, marketing technical services and e-commerce	4,145	3,728	17,291	5,387
Non-lottery hardware sales	526	6	1,252	2,425
Subtotal	147,665	102,210	590,934	346,086
Lease income of lottery hardware, payment terminals and equipment	1,127	1,606	5,515	5,328
Total	148,792	103,816	596,449	351,414

Segment Information

The executive Directors have been identified as the chief operating decision maker (“CODM”). The CODM reviews the Group’s internal reporting in order to assess performance and allocate resources.

The segment information reported externally is analyzed on the basis of the composition of its reporting segments by line of businesses, which are (i) Electronic payment and related services; (ii) Lottery operation; respectively. The CODM is of the view that the presentation of the operating segment information reflects the Group’s operations and this is consistent with the internal information regularly reviewed by the CODM for the purposes of resources allocation and assessment of performance.

Principal activities of the Group’s reportable segments are as follows:

Electronic payment and related services – provision of payment card services and ancillary services; provision of e-wallet services; provision of acquiring services for other payment services providers; sale and leasing of payment terminals and equipment; and other related services in Macau.

Lottery operation – sales and leasing of lottery hardware (including provision of related after-sale services), provision of lottery distribution and ancillary services in Chinese Mainland; and other related services.

Segment results represent the profit earned or loss incurred by each segment without allocation of results attributable to net finance income, income tax, depreciation and amortization expenses, net other gains/losses, gain or loss on fair value changes of financial assets at fair value through profit or loss, imputed interest expense on deferred consideration, unallocated other income and unallocated expenses (the “**Adjusted EBITDA**”). Unallocated expenses mainly include corporate and head office expenses. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

Information regarding the above reportable segments is reported as below:

(a) Segment revenue and results

For the twelve months ended December 31	Electronic payment and related services		Lottery operation		Total	
	2023	2022	2023	2022	2023	2022
	(unaudited) HK\$'000	(audited) HK\$'000	(unaudited) HK\$'000	(audited) HK\$'000	(unaudited) HK\$'000	(audited) HK\$'000
Segment revenue						
Recognized at a point in time	341,712	162,062	141,598	104,337	483,310	266,399
Recognized over time	16,127	14,447	91,497	65,240	107,624	79,687
Lease income of lottery hardware, payment terminals and equipment	4,757	3,731	758	1,597	5,515	5,328
Total revenue	<u>362,596</u>	<u>180,240</u>	<u>233,853</u>	<u>171,174</u>	<u>596,449</u>	<u>351,414</u>
Adjusted EBITDA	<u>31,470</u>	<u>(11,842)</u>	<u>35,603</u>	<u>1,894</u>	<u>67,073</u>	<u>(9,948)</u>
Net finance income					60,816	44,364
Depreciation and amortization expenses					(67,236)	(66,581)
Net other losses					(7,523)	(25,443)
Gain/(loss) on fair value changes of financial assets at fair value through profit or loss					2,171	(39,901)
Imputed interest expense on deferred consideration					(1,675)	(4,148)
Unallocated other income					3,391	3,521
Unallocated expenses					<u>(31,014)</u>	<u>(31,264)</u>
Profit/(loss) before income tax					<u>26,003</u>	<u>(129,400)</u>

(b) Segment assets and liabilities

There was no separate segment assets and segment liabilities information provided to the CODM, as CODM does not use this information to allocate resources to or evaluate the performance of the operating segments.

(c) Geographical information

The Group's operations are mainly located in Chinese Mainland and Macau.

The Group's revenue from external customers by location of operations and information about its non-current assets* by location of assets are detailed below:

	Revenue from external customers		Non-current assets*	
	Twelve months ended December 31, 2023 (unaudited) HK\$'000	2022 (audited) HK\$'000	As at December 31, 2023 (unaudited) HK\$'000	As at December 31, 2022 (audited) HK\$'000
Chinese Mainland	233,853	171,174	1,122,601	1,129,314
Macau	362,596	180,240	807,132	852,646
Hong Kong	—	—	4,869	5,490
	<u>596,449</u>	<u>351,414</u>	<u>1,934,602</u>	<u>1,987,450</u>

* Non-current assets represent non-current assets other than financial assets at fair value through profit or loss and deferred income tax assets.

4. OTHER OPERATING EXPENSES

	Twelve months ended	
	December 31,	
	2023	2022
	(unaudited)	(audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Transaction service fees	109,436	41,747
Handling fees (for stored value payment card top-up services)	28,736	20,665
Distribution expenses	67,852	43,664
Marketing expenses	11,192	26,630
Customer loyalty programme related expenses	27,660	20,674
Technology service fees	9,366	1,978
Provision for warranties	11,518	8,157
Legal and professional fees	8,761	9,924
Management and administrative service fees from fellow subsidiaries	4,584	4,936
Rent, rates & property management fees	3,670	4,655
Telecommunication and postage	4,004	4,921
Repair and maintenance	2,576	1,949
Office expenses	6,171	4,209
Travel and transportation expenses	6,248	4,036
Auditor's remuneration	2,661	2,661
Others	16,907	11,296
	<u>321,342</u>	<u>212,102</u>

5. INCOME TAX CREDIT/(EXPENSE)

Income tax credit/(expense) for the 12-Month Period represent PRC Enterprise Income Tax, Macau complementary tax and deferred income tax.

6. PROFIT/(LOSS) FOR THE PERIOD

Profit/(loss) for the period has been arrived at after charging/(crediting):

	Three months ended		Twelve months ended	
	December 31,		December 31,	
	2023	2022	2023	2022
	(unaudited)	(unaudited)	(unaudited)	(audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Share-based payments/(reversal of share-based payments)	(3,861)	(3,902)	4,770	1,931
Bank interest income	(13,908)	(26,798)	(61,893)	(45,080)
	<u>(17,769)</u>	<u>(30,699)</u>	<u>(57,123)</u>	<u>(43,149)</u>

7. 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 and 12-Month Period of approximately HK\$1,877,000 and approximately HK\$30,068,000 respectively (for the three months and twelve months ended December 31, 2022: loss of approximately HK\$6,907,000 and HK\$126,700,000 respectively) by the weighted average number of ordinary Shares outstanding during the Three-Month Period and 12-Month Period of approximately 11,672,342,000 Shares (for the three months and twelve months ended December 31, 2022: approximately 11,672,342,000 Shares) and excluding the weighted average number of Shares held for the Share Award Scheme of approximately 250,128,000 Shares and 253,762,000 Shares respectively (for the three months and twelve months ended December 31, 2022: approximately 256,341,000 Shares and 237,023,000 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 Shares) based on the monetary value of the subscription rights attached to the outstanding Share awards.

For the 12-Month Period, diluted earning per Share is calculated by dividing the unaudited profit attributable to owners of the Company of approximately HK\$30,068,000 by the adjusted weighted average number of ordinary Shares of approximately 11,462,400,000 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\$1,877,000 by the adjusted weighted average number of ordinary Shares of approximately 11,476,500,000 Shares.

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

8. TRADE RECEIVABLES

	As at December 31, 2023 (unaudited) <i>HK\$'000</i>	As at December 31, 2022 (audited) <i>HK\$'000</i>
Trade receivables	22,020	26,618
Loss allowance	<u>(17)</u>	<u>(17)</u>
	<u>22,003</u>	<u>26,601</u>

Ageing analysis of trade receivables based on the date of the relevant invoice or demand note and before loss allowance was as follows:

	As at December 31, 2023 (unaudited) <i>HK\$'000</i>	As at December 31, 2022 (audited) <i>HK\$'000</i>
0 to 30 days	20,074	24,178
31 to 60 days	645	755
61 to 90 days	144	159
91 to 120 days	429	560
121 to 365 days	516	672
Over 365 days	<u>212</u>	<u>294</u>
	<u>22,020</u>	<u>26,618</u>

9. CASH AND BANK BALANCES

	As at December 31, 2023 (unaudited) HK\$'000	As at December 31, 2022 (audited) HK\$'000
Cash and cash equivalents	1,104,470	4,015,110
Fixed deposits held at bank with original maturity over three months	256,020	–
Pledged bank deposits	1,582	2,053
Restricted cash	5,061	6,501
	<u>1,367,133</u>	<u>4,023,664</u>

10. TRADE PAYABLES

Ageing analysis of trade payables based on invoice date was as follows:

	As at December 31, 2023 (unaudited) HK\$'000	As at December 31, 2022 (audited) HK\$'000
0 to 30 days	13,230	28,418
31 to 60 days	456	141
61 to 90 days	350	32
91 to 120 days	663	91
121 to 365 days	770	720
Over 365 days	2,193	1,779
	<u>17,662</u>	<u>31,181</u>

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Non-current asset	Current assets		
	Convertible term loans <i>HK\$'000</i> <i>(Note (a))</i>	Investment in entertainment project <i>HK\$'000</i> <i>(Note (b))</i>	Convertible loan <i>HK\$'000</i> <i>(Note (c))</i>	Total <i>HK\$'000</i>
At January 1, 2022 (audited)	84,698	–	–	–
Issue of convertible term loans	34,057	–	–	–
Loss on fair value changes	(39,901)	–	–	–
At December 31, 2022 (audited)	<u>78,854</u>	<u>–</u>	<u>–</u>	<u>–</u>
At January 1, 2023 (audited)	78,854	–	–	–
Additions	–	2,715	10,000	12,715
Gain/(loss) on fair value changes	3,613	(1,442)	–	(1,442)
At December 31, 2023 (unaudited)	<u>82,467</u>	<u>1,273</u>	<u>10,000</u>	<u>11,273</u>

Notes:

- (a) As at December 31, 2023, financial assets at fair value through profit or loss (“FAFVPL”) in the sum of approximately HK\$82.5 million represents the convertible term loan facilities in the maximum amount of INR1,319.4 million (or approximately HK\$137.3 million) which had been provided by the Group to, and fully utilized by, its joint venture company in India, First Games Technology Private Limited (formerly known as “Paytm First Games Private Limited”) (the “JV”). A fair value gain of such financial assets of approximately HK\$3.6 million was recognized for the twelve months ended December 31, 2023 (2022: fair value loss of approximately HK\$39.9 million).

The convertible term loans are unsecured and are repayable on the dates falling after 60 months from the respective dates of their utilization (the “Final Repayment Dates”) or can be converted into fully paid up shares of the JV either at the option of the Group (upon the occurrence of an event of default by the JV under the facility) or otherwise by mutual agreement among the JV, One97 Communications Limited (“One97”) and the Group. The conversion price per share of the JV shall be equal to or higher than the fair market value per share of the JV subject to applicable law and to be determined by a qualified merchant banker, chartered accountant or practicing cost accountant mutually appointed by the JV and the Group in accordance with internationally acceptable pricing methodology for valuation on arm’s length basis.

The convertible term loans are treated as FAFVPL of the Group and are subject to fair value measurement (determined by discounting the contractual cash flows (the principal amount and all periodic interests) over the contractual term of the convertible term loans at discount rates with reference to the yield of comparable bonds adjusted for specific loan market.

- (b) During the 12-Month Period, the Group entered into an investment agreement with an independent third-party concert organizer to invest in an entertainment project, KoolTai Macao Music Fes. 2023 (“**Investment in Entertainment Project**”), which entitled the Group to have the right to share 20% of the net profit or loss of the project in accordance with the terms of the relevant investment agreement.

The Group’s Investment in Entertainment Project as at December 31, 2023 was classified as FAFVPL as its contractual cash flows were not solely payments of principal and interest.

The Group measured, at initial recognition, the cost of the investment based on the cash consideration of the investment. The project had been completed and the carrying amount at the end of the reporting period represented the fair value of the estimated net future cash flows (with reference to the estimated net proceeds receivable) from the project attributable to the Group.

The Investment in Entertainment Project does not constitute a notifiable transaction for the Company under Chapter 19 of the GEM Listing Rules.

- (c) During the 12-Month Period, the Group entered into a deed of loan agreement and term sheet with an independent third-party catering service provider (the “**Borrower**”) for a convertible loan of HK\$10 million which had been provided by the Group to the Borrower.

The convertible loan is unsecured, interest-bearing at 6% per annum and repayable on the dates falling after 12 months from the loan drawdown date in the event that certain agreed key performance indicators (“**KPIs**”) are not met by the Borrower or can be converted into 25% of the enlarged issued share capital of the Borrower at the option of the Group (upon the achievement of the KPIs by the Borrower).

The fair value of the convertible loan was determined by recent transaction price.

The convertible loan does not constitute a notifiable transaction for the Company under Chapter 19 of the GEM Listing Rules.

The following table illustrates the fair value measurement hierarchy and technique of the Group:

As at December 31, 2023

Description	Fair value (HK\$'000)	Valuation technique and		Unobservable Inputs	Fair Value hierarchy	Range (Weighted average)	Relationship of unobservable inputs to fair value
		key input	Discount rate				
Convertible term loans (<i>Note</i>)	82,467 (2022: 78,854)	Discounted cash flow	Discount rate		Level 3	31.17% to 31.58% (2022: 23.42% to 23.82%)	The higher the discount rate, the lower the fair value
Investment in Entertainment Project	1,273 (2022: Nil)	Discounted cash flow	Discount rate		Level 3	6.13% (2022: N/A)	The higher the discount rate, the lower the fair value
Convertible loan	10,000 (2022: Nil)	Recent transaction price		N/A	Level 2	N/A	N/A

Note:

As the convertible term loans are accounted for as FAFVPL of the Group and are subject to fair value measurement by way of the valuation technique mentioned above, no interests on the convertible term loans will be accrued or recognized by the Group during their tenure. However, in the event that the Group does not elect to exercise its right to convert all or any part of the convertible term loans into shares of the JV on or before the Final Repayment Dates, the JV shall repay the unpaid interests (calculated at the rate of 8% per annum) and the outstanding principal amounts of the convertible term loans on the respective Final Repayment Dates.

12. RELATED PARTY TRANSACTIONS

(a) Sales of goods and services

	Twelve months ended	
	December 31,	
	2023	2022
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Revenue of electronic payment business from related parties	12,267	6,255
Revenue of lifestyle, games and entertainment and e-commerce business from fellow subsidiaries	361	22
Revenue of non-lottery hardware business from a fellow subsidiary	–	2,554
Recharge for technical services to a joint venture	–	121
Recharge for rental services to a joint venture	–	377
	<u>12,628</u>	<u>9,329</u>

(b) Purchases of goods and services

	Twelve months ended	
	December 31,	
	2023	2022
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Payment of service fees for electronic payment business to related parties	59,162	19,594
Recharge for operation of lottery distribution from fellow subsidiaries	5,527	4,261
Purchase of technology services from fellow subsidiaries	4,776	2,066
Purchase of technology services from related parties	2,808	–
Recharge for rental services from fellow subsidiaries	451	19
Recharge for management and administrative services from fellow subsidiaries	4,741	5,454
Purchase of marketing services for lottery distribution business from a fellow subsidiary	97	117
	<u>77,562</u>	<u>31,511</u>

(c) **Key management compensation**

The remuneration of the Directors (who are the key management personnel of the Group) during the period was as follows:

	Twelve months ended	
	December 31,	
	2023	2022
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Short-term employee benefits	7,130	6,525
Share-based payments	2,745	1,419
Post-employment benefits	341	198
	10,216	8,142

(d) **Loan to related parties**

	As at	As at
	December 31,	December 31,
	2023	2022
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Loan to an associate, net of loss allowance	38,732	43,974
Convertible term loans to a joint venture (<i>Note 11</i>)	82,467	78,854

(e) **Amounts due from/(to) related parties**

	As at	As at
	December 31,	December 31,
	2023	2022
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Amounts due from fellow subsidiaries	1,730	1,813
Amount due from a joint venture	12,979	24,136
Amounts due from related parties	87,508	49,248
Amounts due to fellow subsidiaries	(52,921)	(48,041)

DIVIDEND

The Board does not recommend the payment of an interim dividend for the 12-Month Period (2022: Nil).

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 business, lottery business, local consumer services business 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 business:
 - (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 business:
 - (a) lottery hardware sales;
 - (b) lottery distribution through physical channels and ancillary services;
- (iii) Local consumer services business: lifestyle, games and entertainment, marketing technical services and e-commerce; and
- (iv) Non-lottery hardware supply business (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 business, lottery business, local consumer services business and non-lottery hardware supply business 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 has experienced significant growth in recent years, both in terms of the total transaction value and the number of mobile payment transactions. According to the statistics of the AMCM, the total transaction value in 2023 was approximately MOP28.14 billion, an annual increase of approximately 8.8%; and the number of mobile payment transactions was approximately 301 million, an annual increase of approximately 12.9%.

The significant growth in the mobile payment market in Macau 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;
- (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; and
- (iii) the government of Macau attaches great importance to the development of e-payment in Macau and continues to pay attention to the payment needs of tourists in Macau. To tie in with the strategic positioning of Macau as a “World Centre of Tourism and Leisure” and to create a convenient payment environment for tourists visiting Macau, AMCM has also continued to promote the introduction of more overseas payment tools by local financial institutions for use by merchants in Macau.

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

The Macau Tourism Culture Market

According to the “Macao Economic Bulletin (3rd Quarter/2023)” of the Statistics and Census Service of the government of Macau, the Macau economy recorded a year-on-year real growth of 116.1% in the third quarter of 2023, mainly benefited from the export of services. In the third quarter, the overall export of services increased by 284.1% year-on-year and total passenger consumption increased by 576.7% year-on-year.

Data from Macau Government Tourist Office shows that Macau’s tourism industry showed a significant recovery trend in 2023, with annual visitor arrivals exceeding 28 million, a year-on-year increase of 3.9 times. Among them, 175,030 visitor arrivals were recorded on December 31, 2023, which was the highest record for a single day’s visitor arrivals in 2023. In January 2024, the average daily visitor arrivals were about 80,000, and more than 100,000 on weekends, and it is expected that the annual visitor arrivals in 2024 will reach 33 million.

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 the data published by the MOF, PRC lottery sales for the year of 2023 amounted to approximately RMB579.6 billion, representing an increase of approximately 36.5% over the corresponding period in 2022. Of this, Welfare Lottery amounted to approximately RMB194.4 billion, representing an increase of approximately 31.3% compared to the corresponding period in 2022. Sports Lottery achieved sales of approximately RMB385.2 billion, representing an increase of approximately 39.3% compared to the corresponding period in 2022.

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 in the previous 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, Wynn's, 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, Jam Hsiao, 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 fanbases 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 4.8 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. 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 (Macao)’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.

In 2023, Macau Pass commenced to provide acquiring services to Alipay+ partners’ e-wallets such as GCash (the Philippines), Touch ‘n Go eWallet (Malaysia), TrueMoney (Thailand), Tinaba (Italy), OCBC (Singapore), Changi Pay (Singapore), Public Bank (Malaysia), Toss Pay (South Korea), NAVER Pay (South Korea) and Hipay (Mongolia). 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 ten overseas leading e-wallets 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 business 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 2023, 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, Guangdong Province, Shandong Province and Tianjin Municipality 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 12-Month Period, the Group generated revenue of approximately HK\$83.6 million from the distribution of lottery through retail sales outlets, representing an increase of approximately 57% over the corresponding period in 2022. Such increase was mainly attributable to the increase in lottery sales volume recorded by the sales outlets after the recovery from the COVID-19 pandemic and the Group's continuous efforts in expanding its network of collaborating retail sales outlets for lottery distribution with an increase of approximately 12% 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 with an easy access to information and resources that address various lottery needs.

The contents on the lottery resources channel include 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.

Local Consumer Services Business: 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 could enter the activity page multiple times to participate in the lucky draw. To stimulate the consumption desire of tourists and citizens, the more they consumed, the more chances they got 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.

In December 2023, Macau Pass together with Galaxy Macau, AlipayHK and Alipay, launched the “Macau Consumption Carnival” with the aim of stimulating local consumption and attracting more tourists to experience the charm of Macau. More than 20,000 merchants across Macau benefited from the campaign by boosting consumption spending with a variety of special offers and prizes.

Non-lottery Hardware Supply

In addition to hardware supplies to the lottery sector, 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.

(ii) *Ant Bank (Macao) in Macau:*

Ant Bank (Macao) is a joint venture company 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 (Macao).

In September 2019, Ant Bank (Macao) officially launched the Alipay (Macao) e-wallet payment service in Macau. In addition to its e-wallet payment service, Ant Bank (Macao) 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 (Macao) 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 department stores sectors.

The Group announced on February 8, 2024 that it would acquire existing shares and subscribe for new shares of Ant Bank (Macao), thus increasing its stake to approximately 51.5% for a total net consideration of approximately MOP243 million, subject to regulatory approval. A special general meeting of the Company will be held to consider and approve the resolutions in relation to the transaction and the potential continuing connected transactions. The completion of the transaction is conditional upon certain conditions precedent. Once the transaction is completed, Ant Bank (Macao) will become an indirect non-wholly owned subsidiary of AGTech, and its financial statements will be consolidated into the Group's financial statements.

The transaction will enhance synergy between AGTech's electronic payment services in Macau and digital banking services of Ant Bank (Macao), connecting scenarios and resources of the ecosystem with payment plus inclusive finance to meet the consumption and financing needs of Macau residents and SMEs. Through the synergies with Alibaba Group and Ant Group's ecological resources and AGTech's various business units in lifestyle services, cultural entertainment and e-commerce, coupled with Macau's leisure and tourism features, the Group aims to create distinctive cross-border financial services to attract more cross-border tourists (who are eligible to receive such services) to visit Macau, thus supporting the economic growth of Macau, and further diversifying and expanding the Group's revenue sources.

By completing the transaction, AGTech's business scope will expand from digital payment services and digital local consumer services to digital financial services. After the transaction, Ant Bank (Macao) and Ant Group will continue their cooperation in various business areas, including resources sharing services, remittance and settlement services, technical services, transfer of creditors' rights and related services, deposit services, marketing services and loan 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, committed to realizing our business strategy of becoming a modern fintech and innovative group in Macau and the Greater Bay Area in the PRC.

The Group was admitted as a constituent stock in the MSCI World Micro Cap Index in November 2023. The inclusion of the Group in the MSCI World Micro Cap Index fully reflects that the Group's development prospects are highly recognized in the international capital market, and the Group is expected to further expand its visibility in the international capital market to attract more diversified investor base.

The Group strives to help Macau enterprises to provide tourists with more convenient multi-scene services, and support Macau’s economic recovery and growth. Macao Pass will take Macau as the hub and actively cooperate with the government of Macau to pragmatically push forward the “1+4” moderate and diversified economic development, unite the strengths of the cultural tourism, live performance and entertainment industries across Asia-Pacific, and realize high-quality integrated development of culture and tourism. Macao Pass will continue to collaborate with more cultural and entertainment enterprises, make various new attempts in the areas of ticketing information, package tickets design, online ticketing, ticket redemption, souvenir sales, etc., and the Group will make good use of Macao Pass, as well as the products, technologies and channel capabilities of its controlling shareholders, Alibaba Group and Ant Group, to reach out to the users in the Greater Bay Area and Southeast Asia, in order to strive for creating exciting cultural and entertainment content and new consumer brands.

The Group will also explore on strategic cooperation with Alibaba Group and Ant 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.

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 12-Month Period amounted to approximately HK\$596.4 million (Twelve months ended December 31, 2022: approximately HK\$351.4 million), representing an increase of approximately 69.7% over the corresponding period in 2022. For the 12-Month Period, revenue contributions were mainly derived from provision of electronic payment and related services in Macau of approximately HK\$362.6 million (Twelve months ended December 31, 2022: approximately HK\$180.2 million) and lottery and related business (including lottery hardware sales, provision of lottery distribution and ancillary services in Chinese Mainland) of approximately HK\$233.8 million (Twelve months ended December 31, 2022: approximately HK\$171.2 million).

For revenue from the electronic payment and related businesses, the increase by approximately HK\$182.4 million to approximately HK\$362.6 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 12-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 December 31, 2022 only for the twelve months ended December 31, 2022, leading to the increase in revenue by approximately HK\$106.1 million; (ii) the increase in revenue of the electronic payment business in Macau for the nine months ended December 31, 2023 as compared to the nine months ended December 31, 2022 by approximately HK\$60.7 million, as a result of the 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\$13.5 million as a result of the Group's initiation and participation in the lifestyle, cultural and entertainment market in Macau during the 12-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 12-Month Period.

For revenue derived from lottery and related business, the increase by approximately HK\$62.6 million to approximately HK\$233.8 million is mainly due to a combination of factors: (i) the increase in revenue from the sales of lottery hardware by approximately HK\$39.5 million. There was delay in lottery hardware tender and delivery as a result of outbreak of epidemic in Chinese Mainland towards the year end in 2022 and the lottery hardware tenders resumed normal during the 12-Month Period after the recovery from pandemic; and (ii) the increases in revenue from the provision of lottery distribution and ancillary services by approximately HK\$27.8 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\$109.2 million to approximately HK\$321.3 million for the 12-Month Period (Twelve months ended December 31, 2022: approximately HK\$212.1 million), mainly due to a combination of factors: (i) an increase in costs (including transaction service fees, handling fees for stored value payment card top-up services and cost incurred for e-wallet services' customer loyalty programme) in respect of the electronic payment business by approximately HK\$82.7 million; (ii) an increase in distribution expenses in relation to lottery distribution business by approximately HK\$24.2 million; (iii) an increase in technical service fees by approximately HK\$7.4 million due to the development of new lifestyle business and enhancing anti-money laundering capabilities; and (iv) partially offset by the decrease in marketing expenses by approximately HK\$15.4 million.

Employee benefits expenses increased by approximately HK\$37.3 million to approximately HK\$165.1 million for the 12-Month Period (Twelve months ended December 31, 2022: approximately HK\$127.8 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 12-Month Period, whereas such expenses were consolidated into the financial statements of the Group only from March 24, 2022 to December 31, 2022 for the twelve months ended December 31, 2022; and (ii) the recruitment of staff across the Group to cope with the business growth and expansion.

Operating loss for the 12-Month Period was approximately HK\$35.3 million (Twelve months ended December 31, 2022: approximately HK\$129.7 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; and (ii) the decrease in net other losses by approximately HK\$17.9 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.

The profit for the 12-Month Period was approximately HK\$29.0 million (Twelve months ended December 31, 2022: loss of approximately HK\$131.1 million). Apart from the above-mentioned factors for the decrease in operating loss, the change from loss to profit for the 12-Month Period was also primarily attributable to (i) the increase in net finance income by approximately HK\$16.5 million to approximately HK\$60.8 million (Twelve months ended December 31, 2022: approximately HK\$44.4 million) mainly due to the increase in market interest rates for the 12-Month Period; and (ii) fair value gain on financial assets of approximately HK\$2.2 million was recorded for the 12-Month Period (Twelve months ended December 31, 2022: fair value loss of approximately HK\$39.9 million), which mainly derived from the 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\$3.6 million.

Liquidity and financial resources

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and meet its short-term and long-term funding requirements. Net cash (defined as total cash and cash equivalents plus cash from payment settlement receivable on T+1 basis less total debts, which include trade payables, accruals and other payables (excluding provision for warranty which represents a future obligation that does not directly impact the current cash balance), contract liabilities, floats balance due to card or account holders, card deposits due to cardholders, deferred consideration payable and lease liabilities) as at December 31, 2023 amounted to approximately HK\$268.2 million. In addition, fixed deposits held at bank with original maturity over three months amounted to approximately HK\$256.0 million as at December 31, 2023 (as at December 31, 2022: Nil).

The total assets and net current assets of the Group as at December 31, 2023 were approximately HK\$3,812.0 million and approximately HK\$763.6 million respectively (as at December 31, 2022: approximately HK\$6,422.1 million and approximately HK\$715.2 million respectively). Current liabilities of the Group as at December 31, 2023 were approximately HK\$1,021.4 million (as at December 31, 2022: approximately HK\$3,631.2 million). The liquidity ratio (defined as current assets divided by current liabilities) of the Group as at December 31, 2023 was approximately 1.7 (as at December 31, 2022: approximately 1.2) which continuously reflects the adequacy of financial resources of the Group.

Capital structure and foreign exchange risk

During the 12-Month Period, the Group financed its capital requirement through its equity and its internally generated cash flow as well as the proceeds from the Subscription.

As at December 31, 2023, the Group did not have any bank borrowings. The gearing ratio (defined as bank borrowings divided by equity) of the Group as at December 31, 2023 was therefore not applicable. As at December 31, 2023, majority of the Group's bank deposits were denominated in US\$, MOP, HK\$ and RMB. RMB-denominated bank deposits were primarily held by the entities of which functional currency is RMB. MOP-denominated bank deposits were primarily held by the entities of which functional currency is MOP. Since MOP is pegged to HK\$ and HK\$ is pegged to US\$, there is no significant foreign exchange risk in respect to US\$ and MOP during the 12-Month Period. As at December 31, 2023, the Group's entity with functional currency of Hong Kong dollar had net monetary assets denominated in INR of approximately HK\$82.5 million (as at December 31, 2022: approximately HK\$78.9 million) and the related foreign exchange risk had not been hedged. Substantially all of its revenue-generating operations, monetary assets and liabilities of the Group are conducted or transacted in functional currencies. The Group had neither foreign currency hedging activities nor any financial instruments for hedging purposes during the 12-Month Period. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Contingent liabilities and capital commitment

As at December 31, 2023, the Group did not have any material contingent liabilities and capital commitment that constituted “notifiable transactions” under Chapter 19 of the GEM Listing Rules.

Significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures during the 12-Month Period

There were no significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures that constituted “notifiable transactions” under Chapter 19 of the GEM Listing Rules during the 12-Month Period.

Employees’ information and remuneration policies

As at December 31, 2023, the Group had 383 (as at December 31, 2022: 333) employees in Chinese Mainland, Macau and Hong Kong. Total staff costs (excluding Directors’ emoluments) for the 12-Month Period amounted to approximately HK\$154.8 million (for the twelve months ended December 31, 2022: approximately HK\$119.6 million).

The Group’s remuneration policies are formulated on the basis of performance and experience of individual employees and are in line with local market practices. In addition to salary, the Group also offers to its employees other fringe benefits including year-end bonus, Share Award Scheme, contributory provident fund, social security fund, medical benefits and training (including on-the-job training, in-house and external training seminars).

Charges on the Group’s assets

As at December 31, 2023, bank deposits of approximately HK\$1.6 million (as at December 31, 2022: approximately HK\$2.1 million) were held in designated bank accounts to secure letters of bank guarantee granted to the Group.

As at December 31, 2023, a sum of approximately HK\$5.1 million (as at December 31, 2022: approximately HK\$6.5 million) was held by trustees of the Company for purchases of award Shares under the Share Award Scheme. Such sum was not available for general use by the Group.

In addition, as at December 31, 2023, a restricted bank deposit was held for performance guarantees provided by a Macau bank in favor of the Macau government for service projects of Macau Pass to the extent of approximately HK\$19,000. The bank guarantees are secured by the restricted bank deposit provided by the Group amounting to approximately HK\$19,000.

Save as disclosed above, as at December 31, 2023, there was no charge on the assets of the Group.

Future plans for material investments and acquisition of capital assets

As at December 31, 2023, save as disclosed in the paragraph headed “DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION IN RELATION TO THE ATTAINMENT OF A CONTROLLING STAKE IN ANT BANK (MACAO) THROUGH ACQUISITION OF EXISTING SHARES, AND SUBSCRIPTION FOR NEW SHARES, IN ANT BANK (MACAO); AND DISPOSAL OF A 30% EQUITY INTEREST IN STAR N CLOUD; AND POSSIBLE CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE FRAMEWORK AGREEMENT” below in relation to, inter alia, the proposed acquisition of 33.3% of the existing issued share capital of Ant Bank (Macao) (as at the date of the Announcement (as defined below)) and the proposed subscription for approximately 27.3% of the issued share capital of Ant Bank (Macao) as enlarged by the capital increase of Ant Bank (Macao), there was no other specific plan for material investments and acquisition of capital assets that is required to be disclosed pursuant to Rule 17.10 of the GEM Listing Rules and the inside information provisions under Part XIVA of the SFO.

Significant changes to financial position

Inventories of the Group amounted to approximately HK\$37.3 million as at December 31, 2023 (as at December 31, 2022: approximately HK\$33.1 million). Inventory turnover period decreased slightly from 162 days for the twelve months ended December 31, 2022 to 153 days for the 12-Month Period.

Trade receivables of the Group amounted to approximately HK\$22.0 million as at December 31, 2023 (as at December 31, 2022: approximately HK\$26.6 million). Debtor turnover period decreased from 20 days for the twelve months ended December 31, 2022 to 15 days for the 12-Month Period. The debtor turnover period continued to stay at a low level for the 12-Month Period, reflecting that the status of debtor collection from customers remained satisfactory.

Goodwill of the Group decreased to approximately HK\$1,476.3 million as at December 31, 2023 (as at December 31, 2022: approximately HK\$1,489.1 million), primarily due to the currency translation difference of approximately HK\$12.8 million.

The non-current portion and current portion of financial assets at fair value through profit or loss amounted to approximately HK\$82.5 million and HK\$11.3 million respectively as at December 31, 2023 (as at December 31, 2022: non-current portion of approximately HK\$78.9 million), which mainly represents (i) the fair value of convertible term loan facilities of approximately HK\$82.5 million as at December 31, 2023 (as at December 31, 2022: approximately HK\$78.9 million). Such convertible term loan facilities in the maximum amount of INR1,319.4 million (or approximately HK\$137.3 million) had been provided by the Group to and fully utilized by the JV; and (ii) the fair value of a convertible loan of approximately HK\$10 million as at December 31, 2023 (as at December 31, 2022: Nil). During the 12-Month Period, the Group entered into a deed of loan agreement and term sheet with an independent third-party catering service provider (the “**Borrower**”) for a convertible loan of HK\$10 million which had been provided by the Group to the Borrower. For details, please refer to Note 11 to the condensed consolidated financial statements in this announcement.

A fair value gain of financial assets of approximately HK\$2.2 million was recognized for the 12-Month Period, which mainly represents fair value gain on the convertible term loan facilities of approximately HK\$3.6 million. A fair value loss on such convertible term loan facilities of approximately HK\$39.9 million was recognized for the twelve months ended December 31, 2022, mainly due to the increase in market interest rates during such period; whereas there was no significant change in the market interest rates for the 12-Month Period.

There was no outstanding deferred consideration payable as at December 31, 2023 (as at December 31, 2022: approximately HK\$74.3 million). The deferred consideration in relation to the acquisition of the Macau Pass Group was paid in March 2023.

The Group entered into an engagement with the Macau government as one of the registered payment platforms for the Electronic Consumption Benefits Plan (the “**ECBP**”). As at December 31, 2022, cash and bank balance included the fund received from the Macau Government under the 2022 ECBP in Macau which is payable to merchants upon the consumption by Macau citizen or to Macau Government upon termination of ECBP in 2023. The decrease in cash and cash equivalents by approximately HK\$2,910.6 million as at December 31, 2023 is mainly due to the consumption of the living subsidy and third round of funds under the 2022 ECBP by Macau citizen during the 12-Month Period and increase in fixed deposits held at bank with original maturity over three months amounted to approximately HK\$256.0 million as at December 31, 2023 (as at December 31, 2022: Nil).

The current portion of accruals and other payables and floats balance due to card or account holders amounted to approximately HK\$458.6 million and HK\$443.7 million respectively as at December 31, 2023 (as at December 31, 2022: approximately HK\$1,718.7 million and HK\$1,744.3 million respectively). The decrease in current portion of accruals and other payables and floats balance were mainly due to the consumption of the living subsidy and third round of funds under the 2022 ECBP by Macau citizen during the 12-Month Period.

The current portion of other receivables, deposits and prepayments increased from approximately HK\$263.1 million as at December 31, 2022 to approximately HK\$347.3 million as at December 31, 2023, which was mainly due to increase in payment settlement related receivable on T+1 basis as compared to December 31, 2022.

Significant events after the 12-Month Period

Save as disclosed in the paragraph below, as of the date hereof, there was no significant event affecting the Group after December 31, 2023.

DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION IN RELATION TO THE ATTAINMENT OF A CONTROLLING STAKE IN ANT BANK (MACAO) THROUGH ACQUISITION OF EXISTING SHARES, AND SUBSCRIPTION FOR NEW SHARES, IN ANT BANK (MACAO); AND DISPOSAL OF A 30% EQUITY INTEREST IN STAR N CLOUD; AND POSSIBLE CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE FRAMEWORK AGREEMENT

The attainment of a controlling stake in Ant Bank (Macao) through acquisition of existing shares, and subscription for new shares, in Ant Bank (Macao)

As disclosed in the Company's announcement dated February 8, 2024 (the "**Announcement**"), on February 8, 2024, mFinance Holdings Limited ("**mFinance**") (an indirect wholly-owned subsidiary of the Company) entered into (i) the share transfer agreement with Star N Cloud Network Intelligence Company Limited ("**Star N Cloud**"), pursuant to which mFinance has conditionally agreed to acquire and Star N Cloud has conditionally agreed to sell the sale shares (representing 33.3% of the issued share capital of Ant Bank (Macao) as at the date of the Announcement or approximately 24.2% of the issued share capital of Ant Bank (Macao) as enlarged by the capital increase) (the "**Share Transfer**") for a consideration of MOP133,200,000 (equivalent to approximately HK\$129,324,000), with 30% of the consideration under the share transfer agreement (i.e. MOP39,960,000 (equivalent to approximately HK\$38,797,000)) to be distributed by Star N Cloud to AGTech (Macau) Limited ("**AGTech Macau**") (an indirect wholly-owned subsidiary of the Company) in proportion to its 30% shareholding in Star N Cloud; and (ii) the capital increase agreement with Ant Bank (Macao), Alipay (Macau) Holding Limited and Alipay (Macau) Investment Limited, pursuant to which mFinance has conditionally agreed to further contribute MOP150,000,000 (equivalent to approximately HK\$145,635,000) to the share capital of Ant Bank (Macao) by subscribing for 1,500,000 common shares (representing approximately 27.3% of the issued share capital of Ant Bank (Macao) as enlarged by the capital increase) to be issued by Ant Bank (Macao) (the "**Capital Increase**") at a price of MOP100 (equivalent to approximately HK\$97) each.

Upon the closing of the Share Transfer, the Capital Increase and the Disposal (as defined below) (the "**Closing**"), the Company will indirectly hold approximately 51.5% of the issued share capital of Ant Bank (Macao) through mFinance. Ant Bank (Macao) will become an indirect non-wholly owned subsidiary of the Company and the financial statements of Ant Bank (Macao) will be consolidated into the financial statements of the Group.

Disposal of a 30% equity interest in Star N Cloud

In view of the fact that Star N Cloud will no longer hold any shares in Ant Bank (Macao) following the completion of the Share Transfer and the purpose of the formation of Star N Cloud is for investment in Ant Bank (Macao), the Board resolved to sell the Group's 30% equity interest in Star N Cloud, subject to the completion of the Share Transfer (the "**Disposal**"). Accordingly, on February 8, 2024, AGTech Macau entered into the share transfer undertaking agreement with Mr. Cheung Felix Vitor, pursuant to which AGTech Macau has conditionally agreed to sell and Mr. Cheung Felix Vitor has conditionally agreed to acquire 30% of the issued share capital of Star N Cloud at the par value of MOP300,000 (equivalent to approximately HK\$291,000) upon the completion of the Share Transfer. Upon the Closing, the Group will cease to have any interest in Star N Cloud and Star N Cloud will cease to be a 30% indirectly owned associated company of the Company.

Possible continuing connected transactions in relation to the framework agreement

Ant Bank (Macao) and the Ant Group have been cooperating on different areas, including resources sharing services, remittance and settlement services, technical services, transfer of creditors' rights and related services, deposit services, marketing services and loan services.

The Ant Group (including Ant Technologies) are associates of Alibaba Holding and hence connected persons of the Company under the GEM Listing Rules. As Ant Bank (Macao) will become an indirect non-wholly owned subsidiary of the Company upon the Closing, the aforesaid services between Ant Bank (Macao) and the Ant Group will constitute continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules after the Closing. To ensure that such existing and future business cooperation between Ant Bank (Macao) and the Ant Group will comply with the requirements of the GEM Listing Rules with effect from the Closing, on February 8, 2024, the Company, Ant Bank (Macao) and Ant Technologies entered into the framework agreement to set out the terms and conditions of the future business cooperation and resources sharing between Ant Bank (Macao) and the Ant Group subject to the Closing. For further details in relation to the Share Transfer, the Capital Increase, the Disposal and the possible continuing connected transactions in relation to the framework agreement, please refer to the Announcement.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

As at December 31, 2023, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.48 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	<u>Number of Shares/restricted share units held</u>			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 December 31, 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 was 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 19,989,106,016 ordinary shares of Alibaba Holding in issue as at December 31, 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 (Note 1)
Mr. Zou Liang	(Note 2)	90,000	negligible

Notes:

1. Based on a total of 29,488,769,003 ordinary shares of Ali Pictures in issue as at December 31, 2023.
2. The interest comprised 90,000 ordinary shares of Ali Pictures beneficially held by Mr. Zou Liang.

Save as disclosed above, as at December 31, 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 December 31, 2023, so far as was known to the Directors or chief executive of the Company, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares, underlying Shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were 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	55.71%
API Holdings Limited (Note 2)	Interest of controlled corporation	6,502,723,993	55.71%
Alibaba Holding (Note 3)	Interest of controlled corporation	6,502,723,993	55.71%
API (Hong Kong) Investment Limited (Note 4)	Interest of controlled corporation	6,502,723,993	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	55.71%
Ant Holdco (Note 6)	Interest of controlled corporation	6,502,723,993	55.71%
Maxprofit Global Inc. (Note 7)	Beneficial owner	2,006,250,000	17.19%
Mr. Cheung Lup Kwan Vitor (Note 8)	Interest of controlled corporation	584,515,224	5.01%
Rainwood Resources Limited (Note 8)	Beneficial owner	584,515,224	5.01%

Notes:

1. Based on a total of 11,672,342,235 Shares in issue as at December 31, 2023.
2. Alibaba Investment Limited (“**AIL**”) and API Holdings Limited (“**API Holdings**”) held 60% and 40% of the issued share capital of Ali Fortune, respectively.
3. Alibaba Holding held 100% of the issued share capital of AIL.
4. API (Hong Kong) Investment Limited held 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**”) held 100% of the issued share capital of API (Hong Kong) Investment Limited.
6. Ant Holdco held 100% of the equity interests in Shanghai Yunju. Hangzhou Junhan Equity Investment Partnership (Limited Partnership)* (杭州君瀚股權投資合夥企業(有限合夥)) (“**Junhan**”) and Hangzhou Junao Equity Investment Partnership (Limited Partnership)* (杭州君澳股權投資合夥企業(有限合夥)) (“**Junao**”) held approximately 31% and 22% of Ant Holdco’s total issued shares, respectively. Hangzhou Xingtao Enterprise Management Consultancy Co., Ltd.* (杭州星滔企業管理諮詢有限公司) (“**Xingtao**”) was the executive partner and general partner of Junhan; Hangzhou Yunbo Investment Consultancy Co., Ltd.* (杭州雲鉅投資諮詢有限公司) (“**Yunbo**”) was the executive partner and general partner of Junao; and each of Xingtao and Yunbo was held by five individuals as to 20% each. The remaining issued shares in Ant Holdco were held as to approximately 33% by Taobao (China) Software Co., Ltd.* (淘寶(中國)軟件有限公司), an indirect wholly-owned subsidiary of Alibaba Holding, and as to approximately 14% by other minority shareholders.
7. 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.
8. 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 was deemed to be interested in these 584,515,224 Shares under the SFO.

Save as disclosed above, as at December 31, 2023, the Directors or chief executive of the Company were not aware of any other persons (not being a Director or chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares, underlying Shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to section 336 of the SFO.

INTERESTS OF OTHER PERSONS

As at December 31, 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 stated above, there were no other persons with interests recorded in the register of the Company required to be kept under section 336 of the SFO.

INTERESTS IN COMPETING BUSINESS

Ali Fortune, the controlling shareholder of the Company, is indirectly owned as to 60% and 40% by Alibaba Holding and Ant Holdco respectively. Ant Holdco is indirectly held by Alibaba Holding as to approximately 33% of its equity interest and is therefore a “close associate” (as defined in the GEM Listing Rules) of Ali Fortune.

Ant Bank (Macao) 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 (Macao) 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 (Macao).

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 (Macao) as a “competing business” operated by Ant Group against the Group because:

- (i) from the perspective of the Group, Ant Bank (Macao) 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 (Macao) 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 shareholders 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 Qunyao. The Audit Committee is chaired by Mr. Chow Siu Lui. The Group’s unaudited condensed consolidated financial statements for the 12-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 12-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, and the continuing connected transactions set out below, 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 12-Month Period or at any time during the 12-Month Period.

(a) Renewal of continuing connected transactions – 2023 MP Acquiring Service Framework Agreement

On October 27, 2023, the Company entered into a framework agreement (the “**2023 MP Acquiring Service Framework Agreement**”) with the Alipay Entities to renew the continuing connected transactions under the previous framework agreement dated September 10, 2021 which expired on December 31, 2023. Pursuant to the 2023 MP Acquiring Service Framework Agreement, (i) the operating entities of the Alipay Entities and the Group shall carry out their business cooperation in accordance with the specific execution agreements under such cooperation; (ii) Macau Pass shall provide acquiring service to the merchants (the “**MP Merchants**”) via Macau Pass’ payment terminals, merchant QR code or online payment gateway, enabling the MP Merchants to accept different third party payment platforms, including but not limited to the E-Wallets; and (iii) the Alipay Entities shall provide the services of processing, authorization and settlement of payments made by users via the E-Wallets, for a term from January 1, 2024 to March 31, 2026.

Given the increasing usage of digital payment by customers of the Group in Macau with the E-Wallets operated by the Alipay Entities being a popular payment option, the entering into of the 2023 MP Acquiring Service Framework Agreement will enable the Group to continue its business relationships with the Alipay Entities.

It is anticipated that the pricing range for the service fees payable by Macau Pass to the Alipay Entities Group (including their respective affiliates) under the 2023 MP Acquiring Service Framework Agreement shall be within the region from 0.2% to 3% of the transaction value processed. The Company expects that the maximum aggregate fees payable by Macau Pass to the Alipay Entities Group under the 2023 MP Acquiring Service Framework Agreement will not be more than HK\$20,000,000 for the three months ending March 31, 2024, HK\$86,000,000 for the year ending March 31, 2025 and HK\$100,000,000 for the year ending March 31, 2026. These annual caps have been primarily estimated with reference to the projected amounts of payment transactions processed through the acquiring service provided by Macau Pass for the Alipay Entities Group which are estimated after taking into account factors including: (i) the historical figures of the number and value of the online and offline transactions processed through the acquiring service provided by Macau Pass to merchants for accepting the E-Wallets during the two years ended December 31, 2021 and 2022 and the nine months ended September 30, 2023; (ii) the service fee rates charged by the Alipay Entities Group to Macau Pass; and (iii) the estimated growth in the number and value of the transactions processed through the acquiring service provided by Macau Pass to merchants for accepting the E-Wallets in light of (a) the resumption of tourists activities in Macau after the release of the control measures for the COVID-19 pandemic; (b) the expansion of its network of merchants by Macau Pass in Macau; (c) the increase in per capita consumption of Chinese Mainland tourists in Macau; (d) the

expansion of Macau Pass' payment ecosystem to accept payments via cross-border E-Wallets in Macau; and (e) the competition of acquiring service provided by other acquirers and banks in Macau.

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. Alipay is a direct wholly-owned subsidiary, and Alipay Singapore is an indirect wholly-owned subsidiary, of Ant Holdco. Ant Bank (Macao) is an indirect 66.7%-owned subsidiary of Ant Holdco and its other 33.3% equity interest is held by a 30% indirectly owned associated company of the Company. Ant Holdco and the Alipay Entities are associates of Alibaba Holding. By virtue of the aforesaid relationships, members of the Alipay Entities Group are connected persons of the Company, and therefore the 2023 MP Acquiring Service Framework Agreement and the transactions contemplated thereunder between the Group and the Alipay Entities Group constitute continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules.

As one or more of the applicable percentage ratios in respect of the highest annual cap will exceed 5%, the 2023 MP Acquiring Service Framework Agreement and the transactions contemplated thereunder (including the annual caps) will be subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. The 2023 MP Acquiring Service Framework Agreement and the transactions contemplated thereunder (including the relevant annual caps) were duly approved by the independent shareholders at the special general meeting of the Company held on December 18, 2023. Further details of the renewal of the continuing connected transactions under the 2023 MP Acquiring Service Framework Agreement and a supplemental agreement to the 2023 MP Acquiring Service Framework Agreement are set out in the announcements of the Company dated October 27, 2023 and November 10, 2023 and the circular of the Company dated November 27, 2023.

(b) Renewal of continuing connected transactions – 2023 Business Cooperation Framework Agreement

On December 21, 2023, the Company entered into a framework agreement (the “**2023 Business Cooperation Framework Agreement**”) with the Alipay Entities to renew the continuing connected transactions under the previous framework agreement dated July 13, 2022 (the “**2022 Business Cooperation Framework Agreement**”) which expired on December 31, 2023. Pursuant to the 2023 Business Cooperation Framework Agreement, the Company and the Alipay Entities may from time to time enter into or procure their respective subsidiaries and/or affiliated companies to enter into specific execution agreements for the provision to each other of the payment and related services specified in the 2023 Business Cooperation Framework Agreement for a term commencing from January 1, 2024 to March 31, 2026.

The Board considers that the transactions contemplated under the 2023 Business Cooperation Framework Agreement will foster closer cooperation between the Group (in particular, Macau Pass) and the Alipay Entities in respect of the Group's business in Macau and Macau Pass' cross-border payment business outside Macau or in the Guangdong-Hong Kong-Macau Greater Bay Area, thereby enhancing the source of revenue of the Group.

The Company expects that the maximum aggregate fees payable to the Alipay Entities Group by the Group for payment-related technical services (the “**Alipay Technical Services**”) specified under the 2023 Business Cooperation Framework Agreement will not be more than HK\$1,400,000 for the three months ending March 31, 2024, HK\$6,100,000 for the year ending March 31, 2025 and HK\$7,300,000 for the year ending March 31, 2026. These annual caps have been determined primarily with reference to: (i) the expected demand of the Group for the services provided by the Alipay Entities Group under the 2023 Business Cooperation Framework Agreement and the relevant service fees payable by the Group to the Alipay Entities Group during the term of the 2023 Business Cooperation Framework Agreement; (ii) the historical volume of services provided by the Alipay Entities Group purchased by the Group and the service fees paid by the Group to the Alipay Entities Group for such services under the 2022 Business Cooperation Framework Agreement during the period from July 13, 2022 to November 30, 2023; and (iii) certain buffer for additional services that may be required by the Group. The pricing basis of the service fees for the Alipay Technical Services payable by the Group to the Alipay Entities Group is determined based on the pricing policy published by the Alipay Entities Group on their official websites from time to time, and may be adjusted downwards by a discount offered by the Alipay Entities Group according to the volume of services to be purchased by the Group. For technical services and support services provided by Alipay+ in relation to Macau Pass being the payment institution partner of Alipay+, the pricing of the service fees for the relevant Alipay Technical Services shall be within the range of 0.1% to 0.4% of the transaction amount.

The Company expects that the maximum aggregate fees payable to the Group by the Alipay Entities Group for the Macau Pass' clearing and settlement services (with the pricing of service fees within the range of 0.1% to 3% of the transaction amount) and foreign exchange settlement services (with the pricing of service fees within the range of 0.1% to 0.6% of the transaction amount) (the “**MP Payment Related Services**”) specified under the 2023 Business Cooperation Framework Agreement will not be more than HK\$2,800,000 for the three months ending March 31, 2024, HK\$13,800,000 for the year ending March 31, 2025 and HK\$16,600,000 for the year ending March 31, 2026. These annual caps have been determined primarily with reference to: (i) the expected demand of the Alipay Entities Group for the aforesaid Macau Pass services during the term of the 2023 Business Cooperation Framework Agreement; (ii) the historical volume of the aforesaid services demanded by the Alipay Entities Group and the service fees paid by the

Alipay Entities Group to the Group for such services under the 2022 Business Cooperation Framework Agreement during the period from March 24, 2022 to November 30, 2023; (iii) the rates of service fees charged by Macau Pass; (iv) certain buffer for additional services that may be required by the Alipay Entities Group; and (v) the expected increase in the revenue of the provision of the aforesaid services due to the recovery of Macau's economy and the Company's optimistic view on the cross-border payment services offered by Macau Pass through the newly launched payment service partnered with Alipay+ that (a) allows Macau residents, who are users of MPay (i.e. the e-wallet operated by Macau Pass) with real name authentication, to use MPay in Chinese Mainland and Hong Kong; and (b) expands the coverage of the cross-border payment business of MPay to overseas countries and online scenarios.

The Company expects that the maximum aggregate fees payable to the Group by the Alipay Entities Group for Macau Pass' provision of users referral services (the "**Referral Services**") to the Alipay Entities specified under the 2023 Business Cooperation Framework Agreement (with the pricing of service fees within the range of 0.0005% to 2% of the transaction amount, or within the rate from 10% to 50% of the net profit received by Alipay Entities/Ant Bank (Macao), or with reference to the existing advertising and promotional fees chargeable by Macau Pass to other independent third party banks) will not be more than HK\$200,000 for the three months ending March 31, 2024, HK\$7,400,000 for the year ending March 31, 2025 and HK\$8,900,000 for the year ending March 31, 2026. These annual caps have been determined primarily with reference to: (i) the estimated number of users or merchants that may be referred to the Alipay Entities (including Ant Bank (Macao)) by Macau Pass who will successfully open an account with Ant Bank (Macao) or purchase or enter into deposits, loans or other financial products or services provided by the Alipay Entities (including Ant Bank (Macao)) during the term of the 2023 Business Cooperation Framework Agreement; (ii) the historical figures of the transaction amounts in respect of the aforesaid services during the period from July 13, 2022 to November 30, 2023; (iii) the rates of service fees charged by Macau Pass; and (iv) the estimated average amount of deposit that each referred user will place in the account opened at Ant Bank (Macao).

As mentioned above, Ant Holdco and the Alipay Entities are associates of Alibaba Holding and hence members of the Alipay Entities Group are connected persons of the Company. The transactions between the Group and the Alipay Entities Group contemplated under the 2023 Business Cooperation Framework Agreement thus constitute continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules.

As one or more applicable percentage ratios with respect to (i) the highest annual cap of the service fees payable by the Group to the Alipay Entities Group for the Alipay Technical Services under the 2023 Business Cooperation Framework Agreement are more than 0.1% but all of them are less than 5%; and (ii) the highest annual cap of the service fees payable by the Alipay Entities Group to the Group for each of the MP Payment Related Services and the Referral Services under the 2023 Business Cooperation Framework Agreement are more than 0.1% but all of them are less than 5%, the transactions contemplated under the 2023 Business Cooperation Framework Agreement (including the annual caps) 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. Further details of the renewal of the continuing connected transactions under the 2023 Business Cooperation Framework Agreement are set out in the announcement of the Company dated December 21, 2023.

(c) Renewal of continuing connected transactions – 2023 LST Cooperation Agreement

On December 21, 2023, CLM and ZCLM, each being an indirect wholly-owned subsidiary of the Company, entered into a cooperation agreement (the “**2023 LST Cooperation Agreement**”) with Alibaba China and Shanghai Caicai to renew the continuing connected transactions under the previous cooperation agreement dated December 17, 2021 (the “**2021 LST Cooperation Agreement**”) which expired on December 31, 2023. Pursuant to the 2023 LST 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 (which mainly refers 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 LST Cooperation Agreement from the previous cooperation between CLM/ZCLM and Alibaba China); 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 LST Cooperation Agreement from the previous cooperation between CLM/ZCLM and Shanghai Caicai)) for a term from January 1, 2024 to March 31, 2026.

The 2023 LST Cooperation Agreement enables the Group to 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.

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, 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.

- (i) Where CLM and/or ZCLM acts as selling agents and receives sales commission from the Lottery Centers, service fees payable to Alibaba China or Shanghai Caicai (as the case may be) = (sales commission receivable by CLM and/or ZCLM from Lottery Centers for the sale of lottery products (exclusive of taxes) with respect to the retail shops under the retail network of Alibaba China or Shanghai Caicai (as the case may be) – service fees payable to such shops + incentive fee payable by Alibaba China or Shanghai Caicai (as the case may be) to its business development personnel – other costs and expenses payable by CLM and/or ZCLM) x 50%
- (ii) Where the retail shops under the retail network of Alibaba China or Shanghai Caicai (as the case may be) 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 the Lottery Centers, service fees payable to Alibaba China or Shanghai Caicai (as the case may be) = (service fees receivable by CLM and/or ZCLM from Lottery Centers (exclusive of taxes) with respect to the retail shops under the retail network of Alibaba China or Shanghai Caicai (as the case may be) + incentive fee payable by Alibaba China or Shanghai Caicai (as the case may be) to its business development personnel – other costs and expenses payable by CLM and/or ZCLM) x 50%

The Company expects that the maximum aggregate fees payable by the Group to Alibaba China and Shanghai Caicai under the 2023 LST Cooperation Agreement will not be more than HK\$2,000,000 for the three months ending March 31, 2024, HK\$9,000,000 for the year ending March 31, 2025 and HK\$12,000,000 for the year ending March 31, 2026. These annual caps have been determined with reference to: (i) the historical aggregate amounts of service fees paid by the Group to Alibaba China with respect to the transactions contemplated under the 2021 LST 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 LST Cooperation Agreement.

Ali Fortune, the controlling shareholder 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 LST Cooperation Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules.

As one or more of the applicable percentage ratios in respect of the highest annual cap for the transactions contemplated under the 2023 LST Cooperation Agreement are more than 0.1% but all of them are less than 5%, the entering into of the 2023 LST 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. Further details of the renewal of the continuing connected transactions under the 2023 LST Cooperation Agreement are set out in the announcement of the Company dated December 21, 2023.

SHARE OPTION SCHEME

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

During the 12-Month Period, no options were granted by the Company pursuant to the 2014 Share Option Scheme and no options were exercised, cancelled and lapsed.

All options granted under the 2014 Share Option Scheme had lapsed. As at each of January 1, 2023 and December 31, 2023, the number of Shares in respect of which options had been granted and remained outstanding under the 2014 Share Option Scheme was nil, representing 0% of the Company's issued share capital as at the respective dates.

As at each of January 1, 2023 and December 31, 2023, the total number of Shares still available for grant under the 2014 Share Option Scheme was 313,309,485 Shares, representing approximately 2.7% of the Company's issued share capital as at the respective date.

SHARE AWARD SCHEME

During the 12-Month Period, 58,900,000 award Shares were granted to 53 eligible persons under the Share Award Scheme. The award Shares granted were not subject to performance targets but were subject to clawback mechanism, whereby in the event of any circumstances specified in the Share Award Scheme or award letter including but not limited to cessation of a selected participant'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, the Company shall have the right to repurchase or procure the purchase of some or all of the vested award from such selected participant or his/her transferee for no consideration and require such selected participant to pay the Company any and all payment in cash or other property in lieu of the vested award which such selected participant has received from the Company pursuant to the award. During the 12-Month Period, 15,065,450 award Shares were vested in the grantees.

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 12-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.

As at January 1, 2023 and December 31, 2023, the total number of award Shares still available for grant under the Share Award Scheme was 383,083,526 Shares and 324,183,526 Shares, representing approximately 3.28% and 2.78% of the Company's issued share capital as at that date respectively.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining high standards of corporate governance in order to uphold the transparency of the Group and safeguard interests of the Shareholders.

The Company has adopted the applicable code provisions in the Corporate Governance Code (the “Code”) as set out in Part 2 of Appendix C1 of the GEM Listing Rules.

During the 12-Month Period, the Company complied with the Code except for the following deviations:

- (a) under code provision C.2.1 of the Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The roles of chairman and CEO of the Company were performed by an executive Director, Mr. Sun Ho, during the 12-Month Period. The Company considered that the combination of the roles of chairman and CEO could effectively facilitate the formulation and implementation of the strategies of the Company. The Company considered that under the supervision of its Board and especially its independent non-executive Directors, a balancing mechanism existed so that the interests of the Shareholders were adequately and fairly represented. The Company considered that there was no imminent need to change the arrangement;
- (b) under code provision B.2.2 of the Code, every Director should be subject to retirement by rotation at least once every three years. However, pursuant to the Bye-laws, the chairman of the Company shall not be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year. During the 12-Month Period, the chairman of the Board was not subject to retirement by rotation as the Board considered that the continuity of the office of the chairman provided the Group with strong and consistent leadership and was of great importance to the smooth operations of the Group. The Company considered that the performance of the chairman was already under the supervision of the entire Board (especially the independent non-executive Directors), and checks and balances existed so that the interests of the Shareholders were adequately and fairly represented;
- (c) under code provision C.2.7 of the Code, the chairman of the Board should at least annually hold meetings with the independent non-executive Directors without the presence of other Directors. During the 12-Month Period, the chairman of the Board did not hold such kind of private meetings with the independent non-executive Directors. The chairman of the Board considered that it was unnecessary as it would be more transparent to let the independent non-executive Directors speak out their views to all other Directors in the full Board meetings which would be held multiple times each year. Besides, the chairman of the Board, being an executive Director himself, always welcomes all independent non-executive Directors to directly communicate with him via his email or phone to discuss any matters of the Company from time to time;

- (d) under code provision C.1.5 of the Code, each Director should disclose to the Company, among other things, an indication of the time involved by him/her in his/her offices held in other public companies or organizations and other significant commitments. During the 12-Month Period, no such disclosure was made by the Directors to the Company. As the Board had adopted a corporate governance practice that each Director's contributions to the Group would be reviewed and discussed at the Board meeting annually (the "**Annual Contributions Review**"), the Board considered that assessing the time spent by each Director on his/her commitments outside the Group was not necessary for the purposes of the Annual Contributions Review and that the disclosure of the time spent by a Director in performing his/her duties would not necessarily indicate accurately the efficiency of such Director and the effectiveness of his/her work, and may therefore be misleading;
- (e) under code provision E.1.2(c) of the Code, the remuneration committee should review and recommend to the Board for approval of the specific remuneration packages of senior management. The remuneration committee of the Company had reviewed its scope of duties and considered that the delegated responsibility to review and recommend to the Board to approve the specific remuneration packages of senior management should be vested in the executive Directors who have a better understanding of the level of expertise, experience and performance expected of the senior management in the daily business operations. Notwithstanding the foregoing, the remuneration committee would continue to be primarily responsible for the review and recommendation of the remuneration packages of the Directors;
- (f) under code provision E.1.5 of the Code, the Company should disclose details of any remuneration payable to members of senior management by band in its annual report. The Company did not make such disclosure in its annual report as the Board considered that (i) the remuneration of any newly appointed "chief executive" (as defined under the GEM Listing Rules) would have already been disclosed in the announcement previously issued by the Company in respect of such appointment in accordance with GEM Listing Rule 17.50(2)(g); (ii) the five highest paid employees within the Group had already been disclosed in the notes to the consolidated financial statements of the Group in the annual report, and (iii) giving further details of remuneration for each and every senior management staff would result in particulars of excessive length and no additional value to the Shareholders, whilst at the same time may impair the flexibility of the Group in its negotiations of remuneration packages for senior management staff (especially those who are not Directors or chief executives of the Group and hence are not supposed to be subject to the aforesaid disclosure requirement under GEM Listing Rule 17.50(2)(g)) should it need to find replacement staff or recruit additional senior personnel in the future; and

- (g) under code provision F.1.1 of the Code, the Company should have a policy on payment of dividends and should disclose it in its annual report. The Company did not have such policy and did not make such disclosure in its annual report as the Board considered that it would be premature to decide on its dividend policy as the Company did not have any distributable reserves calculated under the laws of Bermuda, and even if the Company will have sufficient distributable reserves to pay its dividends in the future, the Board has yet to assess the funding requirements of the Group (for instance, its working capital needs and capital expenditure) at that time before the Company could decide on the amount of dividends or proportion of net profits that it would be in a position to distribute to the Shareholders.

(The above deviations (a) to (g) were similarly disclosed on pages 25 to 27 of the Company's annual report for the year ended December 31, 2022 and on pages 59 to 61 of the Company's interim report for the six months ended June 30, 2023.)

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the 12-Month Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

CHANGES IN INFORMATION REGARDING DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY

Pursuant to the disclosure requirement under Rule 17.50A(1) of the GEM Listing Rules, the changes in information regarding the following Director are set out below:

Dr. Gao Jack Qunyao was the chief executive officer of Beijing Times Digiwork Films Technology Co., Ltd. (Smart Cinema) (“**Beijing Times**”) from April 2018 to November 2023. He has no longer been the partner and the chief executive officer of Beijing Times since November 2023. He has also been appointed as the chairman of ZEASN Group since January 2024.

Mr. Chow Siu Lui is no longer an independent non-executive director of Global Cord Blood Corporation (New York Stock Exchange: CO).

Save as disclosed above, there is no change of information in respect of the Directors or chief executive of the Company which is required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

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 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;
“Alibaba Holding”	Alibaba Group Holding Limited, a company incorporated in the Cayman Islands, with its American depository shares, each representing eight ordinary shares, listed on the New York Stock Exchange (Stock Symbol: BABA) and its ordinary shares listed on the Main Board of the Stock Exchange (Stock 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 incorporated in the PRC, and a wholly-owned subsidiary of Ant Holdco;
“Alipay Entities”	Alipay, Alipay Singapore and Ant Bank (Macao);
“Alipay Entities Group”	Alipay Entities together with their respective direct or indirect subsidiaries from time to time;
“Alipay+”	a global payments platform through which payment processing, clearing and settlement, and other services are provided by Ant Group;

“Alipay Singapore”	Alipay Singapore Holding Pte. Ltd., a company incorporated in Singapore and an indirect wholly-owned subsidiary of Ant Holdco;
“AMCM”	Autoridade Monetária de Macau (the Monetary Authority of Macao);
“Ant Bank (Macao)”	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 as at the date hereof;
“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;
“Ant Technologies”	Ant International Technologies (Hong Kong) Holding Limited, a company incorporated under the laws of Hong Kong with limited liability and an indirect wholly-owned subsidiary of Ant Holdco;
“Board”	the board of Directors;
“Bye-law(s)”	the bye-law(s) of the Company;
“CEO”	chief executive officer;
“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” or “AGTech”	AGTech Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on GEM;
“Director(s)”	the director(s) of the Company;

“E-Wallet(s)”	the e-wallets operated by the Alipay Entities from time to time, including but not limited to, the “Alipay” e-wallet, the “AlipayHK” e-wallet, Ant Bank (Macao)’s “Alipay (Macao)” e-wallet and Alipay+ partners’ e-wallets (e.g. Kakao Pay from South Korea, GCash from the Philippines, Touch’n Go from Malaysia and TrueMoney from Thailand);
“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;
“Macao”	the Macao Special Administrative Region of the PRC;
“Macao Pass”	Macau Pass S.A., a company incorporated under the laws of Macau and an indirect wholly-owned subsidiary of the Company;
“Macao 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);

“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;
“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;
“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; and
“%”	per cent.

Notes:

1. In this announcement, the exchange rates of HK\$1.1064 to RMB1.00, MOP1 to HK\$0.9709 and INR1 to HK\$0.094 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.

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

Hong Kong, February 23, 2024

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.

* *For identification purpose only*