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AGTech Holdings Limited
亞博科技控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 8279)

PROFIT ALERT
REDUCTION OF LOSS

This announcement is made by AGTech Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 17.10(2)(a) of The Rules Governing the Listing of Securities on GEM (the "**GEM Listing Rules**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the "**Board**") wishes to inform the shareholders of the Company and potential investors that, based on its preliminary assessment of the latest unaudited consolidated management accounts of the Group, it is expected that the loss for the six months ended June 30, 2021 ("**2021H1**") will decrease by not less than 55% from the loss of approximately HK$109.7 million as recorded for the six months ended June 30, 2020 ("**2020H1**").

The expected decrease in the loss as mentioned above was primarily attributable to the combination of factors including:

(i) businesses of the Group have been rebounding from the impact of the COVID-19 pandemic since the second half of 2020 through 2021H1, resulting in an increase in revenue by not less than 70% in 2021H1 as compared with that for 2020H1. All of the Group's lottery hardware, lottery distribution and games and entertainment businesses multiplied their revenues during 2021H1 as compared with 2020H1, more than compensating for the drop in revenue from the lottery games and systems business as a result of the cessation of sales of the two virtual sports lottery games supplied by the Group. In addition, the Group has commenced supplying non-lottery hardware (including point-of-sale terminals) during 2021H1, further broadening its source of revenue;

(ii) the Group continues to implement various measures to strengthen cost controls over operating costs and expenses to enhance the Group's competitive position in the industry, resulting in a decrease in employee benefits expenses by approximately HK$15.8 million for 2021H1 as compared with that for 2020H1;

(iii) the Group is expected to record a foreign exchange gain of approximately HK$7.5 million for 2021H1, as opposed to the foreign exchange loss of approximately HK$14.2 million for 2020H1. This change mainly arose from the Group's balances which are denominated in United States dollars ("**US$**") and Renminbi ("**RMB**") and the appreciation of US$ and RMB against HK$ during 2021H1, and such positive change partially offset against the drop in interest income earned from the Group's deposits at banks by approximately HK$15.2 million for 2021H1 as a result of the reduction in deposit interest rates in the market; and

(iv) the amount of investments accounted for using equity method was HK$Nil as of December 31, 2020 in respect of the 45%-owned joint venture company of the Group in India (the "**JV**") and since then no share of results of the investments accounted for using equity method was recognized for 2021H1 (Share of results of investments accounted for using equity method amounted to a loss of approximately HK$21.2 million for 2020H1). However, the Group provided a convertible term loan facility in the amount of approximately HK$68.8 million to the JV in June 2021, which facility had been fully utilized by the JV. In this regard, the Group has engaged an independent valuer to assess whether the Group may record a loss on fair value changes of such convertible term loan and such assessment is still underway as of the date of this announcement. Based on the preliminary assessment of the Company, it is anticipated that any such loss will not exceed HK$5.0 million for 2021H1, subject to the final assessment by the valuer. The exact amount of any such loss as per the final assessment by the valuer will be disclosed in the forthcoming announcement of the Company in respect of its interim results for 2021H1 (the "**2021H1 Results**").

The expected reduction of loss for 2021H1 as described in this announcement is based only on a preliminary assessment by the Board with reference to the Group's unaudited consolidated management accounts and information currently available to the Company. This information has not been audited or reviewed by the auditors or the audit committee of the Company.

As the Company is still in the process of finalizing the 2021H1 Results, the actual results may differ from what is disclosed in this announcement. Further details of the Company's 2021H1 Results will be provided in the Company's 2021H1 Results announcement.

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

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

The Hong Kong Special Administrative Region of
the People's Republic of China, July 28, 2021

* *For identification purpose only*

As at the date of this announcement, the Board comprises (i) Mr. Sun Ho and Ms. Hu Taoye as executive directors; (ii) Mr. Yang Guang, Mr. Li Faguang, Mr. Ji Gang and Mr. Zou Liang as non-executive directors; and (iii) Ms. Monica Maria Nunes, Mr. Feng Qing and Dr. Gao Jack Qunyao as independent non-executive directors.