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 nine months ended September 30, 2021 (the "**2021 Nine-Month Period**") will decrease by not less than 65% from the loss of approximately HK$156.9 million as recorded for the nine months ended September 30, 2020 (the "**2020 Nine-Month Period**").

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 to the 2021 Nine-Month Period, resulting in an increase in revenue by not less than 30% for the 2021 Nine-Month Period as compared with that for the 2020 Nine-Month Period. All of the Group's lottery hardware, lottery distribution and games and entertainment businesses increased their revenues for the 2021 Nine-Month Period as compared with the 2020 Nine-Month Period, 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 the 2021 Nine-Month Period, further broadening its source of revenue. As a result of the increase in total revenue of the Group, there are corresponding increase in purchases of and changes in inventories and increase in related other operating expenses;

(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$31.0 million for the 2021 Nine-Month Period as compared with that for the 2020 Nine-Month Period;

(iii) the Group is expected to record a foreign exchange gain of approximately HK$12.2 million for the 2021 Nine-Month Period, as opposed to the foreign exchange loss of approximately HK$0.6 million for the 2020 Nine-Month Period, and such positive change is offset against the drop in interest income earned from the Group's deposits at banks by approximately HK$21.2 million for the 2021 Nine-Month Period 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 the 2021 Nine-Month Period (Share of results of investments accounted for using equity method amounted to a loss of approximately HK$60.7 million for the 2020 Nine-Month Period).

The expected reduction of loss for the 2021 Nine-Month Period 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 third quarterly results for the 2021 Nine-Month Period (the "**2021Q3 Results**"), the actual results may differ from what is disclosed in this announcement. Further details of the Company's 2021Q3 Results will be provided in the Company's 2021Q3 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,
October 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.

This announcement, for which the directors of the Company 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 of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the "Latest Listed Company Information" page of the GEM website operated by the Stock Exchange at www.hkgem.com 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.