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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 financial year ended December 31, 2021 (the "**FY2021**") will decrease by over 40% from the loss of approximately HK$109.5 million as recorded for the financial year ended December 31, 2020 (the "**FY2020**").

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 FY2021, resulting in an increase in revenue by over 50% for the FY2021 as compared with that for the FY2020. All of the Group's lottery hardware, lottery distribution and games and entertainment businesses increased their revenues for the FY2021 as compared with the FY2020, 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 previously. In addition, the Group has commenced supplying non-lottery hardware (including point-of-sale terminals) during the FY2021, 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$62.1 million for the FY2021 as compared with that for the FY2020; and

(iii) the amount of investments accounted for using equity method was 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 FY2021 (Share of results of investments accounted for using equity method amounted to a loss of approximately HK$83.2 million for the FY2020). Since the Group provided convertible term loan in the aggregate principal amount of approximately HK$103.3 million to the JV during the FY2021, 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 such loss will be in the range from approximately HK$17.0 million to approximately HK$22.0 million for the FY2021, which is subject to the final assessment by the independent valuer.

The aforesaid factors resulting in the decrease in loss for the FY2021 were partially offset by the fact that interest income earned from the Group's deposits at banks decreased by approximately HK$27.4 million for the FY2021 as compared with that for the FY2020 as a result of the reduction in deposit interest rates in the market.

The expected reduction of loss for the FY2021 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 results for the FY2021 (the "**FY2021 Results**"), the actual results may differ from what is disclosed in this announcement. Further details of the Company's FY2021 Results will be provided in the Company's FY2021 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

Hong Kong, February 18, 2022

* *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. Liu Zheng, Mr. Ji Gang and Mr. Zou Liang as non-executive directors; and (iii) Mr. Feng Qing, Dr. Gao Jack Qunyao and Mr. Chow Siu Lui as independent non-executive directors.

This announcement, for which the directors 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.