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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)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS – 2023 TECHNOLOGY SERVICES FRAMEWORK AGREEMENT

On December 29, 2022, Beijing AGTech, being a wholly-owned subsidiary of the Company, entered into the 2023 Technology Services Framework Agreement with Alibaba Cloud, pursuant to which Beijing AGTech will and will procure the Group to, where applicable, enter into specific agreements with Alibaba Cloud and its subsidiaries and/or affiliates for the provision of Technology Services by Alibaba Cloud and its subsidiaries and/or affiliates to the Group for a term commencing on the Effective Date and ending on December 31, 2024. The Company expects that the maximum aggregate fees payable to Alibaba Cloud and its subsidiaries and/or affiliates by the Group under the 2023 Technology Services Framework Agreement will not be more than HK\$4,200,000 for the year ending December 31, 2023 and HK\$6,500,000 for the year ending December 31, 2024.

Ali Fortune, the controlling shareholder of the Company holding 6,502,723,993 Shares (representing approximately 55.7% of the issued share capital of the Company as at the date of this announcement), is indirectly held as to 60% by Alibaba Holding. Accordingly, Alibaba Cloud, being a consolidated entity of Alibaba Holding, is an associate of Ali Fortune and therefore a connected person of the Company. The transactions contemplated under the 2023 Technology Services Framework Agreement thus constitute continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

As one or more applicable percentage ratios with respect to the highest Annual Cap of fees payable to Alibaba Cloud and its subsidiaries and/or affiliates by the Group under the 2023 Technology Services Framework Agreement are more than 0.1% but all of them are less than 5%, the transactions contemplated under the 2023 Technology Services Framework Agreement 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.

2023 TECHNOLOGY SERVICES FRAMEWORK AGREEMENT

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The principal terms of the 2023 Technology Services Framework Agreement are set out below.

Date

December 29, 2022

Parties

1. Beijing AGTech; and
2. Alibaba Cloud.

Duration

The 2023 Technology Services Framework Agreement shall commence on the Effective Date and end on December 31, 2024.

Services to be provided

Pursuant to the 2023 Technology Services Framework Agreement, Beijing AGTech will and will procure the Group to, where applicable, enter into specific agreements with Alibaba Cloud and its subsidiaries and/or affiliates for the provision of Technology Services, including authorisation for the use of cloud computing technologies and e-commerce technologies, and the provision of other technology services and support based on the business needs and operational requirements of the Group, including the provision of information technology infrastructure and hardware such as servers and data rooms, by Alibaba Cloud and its subsidiaries and/or affiliates to the Group. The purchase of the Technology Services shall be made through the Group's Alibaba Cloud account, and the specifications of the Technology Services shall be in accordance with the relevant orders placed by the Group on the official websites of Alibaba Cloud (www.aliyun.com and www.alibabacloud.com).

Service fees, pricing terms and payment terms

The fees for the Technology Services shall be calculated with reference to the pricing policies published by Alibaba Cloud on its official website(s) from time to time. The Group shall enjoy the same discount rates or discount rates no less favourable than the ones, if any, offered by Alibaba Cloud and its subsidiaries and/or affiliates to the independent third parties for technology services and resources under the same conditions from time to time. The fees for the Technology Services shall be paid (i) after usage of such Technology Services and according to the actual usage and the settlement period in number of hours, days or months upon receipt of the invoice at the end of the settlement period, or (ii) by monthly or yearly prepayment. Payment shall be made by Alipay, internet banking and bank transfer or other payment methods published by Alibaba Cloud on its official website(s) from time to time or as set out in the specific agreements.

HISTORICAL AMOUNTS AND ANNUAL CAPS

Prior to entering into the 2023 Technology Services Framework Agreement, the Group had purchased technology services and resources of the same nature as the Technology Services from Alibaba Cloud and its subsidiaries and/or affiliates pursuant to a framework agreement dated December 20, 2019 entered into between Beijing AGTech and Alibaba Cloud (the “**2020 Technology Services Framework Agreement**”) which will expire on December 31, 2022. For details relating to the 2020 Technology Services Framework Agreement, please refer to the Company's announcement dated December 20, 2019. The Group intends to renew the procurement of the Technology Services from Alibaba Cloud and its subsidiaries and/or affiliates by way of the 2023 Technology Services Framework Agreement.

Pursuant to the 2023 Technology Services Framework Agreement, it is expected that the maximum aggregate fees payable to Alibaba Cloud and its subsidiaries and/or affiliates by the Group will not be more than HK\$4,200,000 for the year ending December 31, 2023 and HK\$6,500,000 for the year ending December 31, 2024.

These Annual Caps have been primarily estimated with reference to: (i) the historical amounts of the aggregate fees paid to Alibaba Cloud and its subsidiaries and/or affiliates by the Group under the 2020 Technology Services Framework Agreement for the year ended December 31, 2020, the year ended December 31, 2021 and the eleven-month period ended November 30, 2022, being approximately HK\$3,160,000, HK\$2,150,000 and HK\$1,508,000, respectively; (ii) the Group's expected demand and rate of usage for the Technology Services during the term of the 2023 Technology Services Framework Agreement; (iii) the applicable rates of services currently published by Alibaba Cloud on its official website(s); and (iv) the discount rates historically offered by Alibaba Cloud and its subsidiaries and/or affiliates to third parties. It is expected that, as a result of the Group's business growth and launch of new initiatives in the coming financial years (especially due to the Group's newly acquired electronic payment business in Macau), the demand for the Technology Services will increase and will lead to an increase in the Annual Caps as compared to the historical amounts.

INTERNAL CONTROL MEASURES

The Group has internal control measures in place to monitor the utilisation of the Annual Caps. Such internal control require, among other things, the submission of monthly reports on the accumulated amounts of the transactions carried out under the 2023 Technology Services Framework Agreement by the finance team to the Company's chief financial officer, company secretary and the personnel in charge of internal control function. The Company's company secretary shall promptly liaise with the business team of the Group as and when the Annual Caps have been 70% utilised in order to agree and implement measures to control and avoid exceeding any of the Annual Caps. As part of the overall monitoring of the continuing connected transactions of the Group, sample checks will be conducted by the Group's internal audit department at least annually on, among other things, the pricing, payment terms and the utilisation of the Annual Caps. In addition, the transactions contemplated under the 2023 Technology Services Framework Agreement would be subject to annual review by the independent non-executive Directors and the external auditors of the Company of their terms and Annual Caps, and the Company is required to report the findings of such annual review in its annual report in compliance with the GEM Listing Rules.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2023 TECHNOLOGY SERVICES FRAMEWORK AGREEMENT

The Group offers a range of products and services in its lottery and mobile games and entertainment businesses in Mainland China and its electronic payment related businesses in Macau. The procurement of the Technology Services under the 2023 Technology Services Framework Agreement reflects the Group's strategy of utilising a range of technology services and resources to enhance its offerings so as to improve the user experiences of its customers.

The Directors (including the independent non-executive Directors) are of the view that the terms of the 2023 Technology Services Framework Agreement and the Annual Caps are fair and reasonable, the transactions contemplated thereunder are on normal commercial terms, and the entering of the 2023 Technology Services Framework Agreement is in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole.

As Ms. Hu Taoye, Mr. Liu Zheng and Mr. Li Jie are employees of the Alibaba Group, each of these Directors is deemed or may be perceived to have a material interest in the 2023 Technology Services Framework Agreement. Accordingly, they abstained from voting on the resolution(s) passed by the Board to approve the 2023 Technology Services Framework Agreement, the transactions contemplated thereunder and the Annual Caps. Other than the aforesaid Directors, no other Directors have a material interest in the 2023 Technology Services Framework Agreement or are required to abstain from voting on the resolution(s) passed by the Board approving the 2023 Technology Services Framework Agreement, the transactions contemplated thereunder and the Annual Caps.

GEM LISTING RULES IMPLICATIONS

Ali Fortune, the controlling shareholder of the Company holding 6,502,723,993 Shares (representing approximately 55.7% of the issued share capital of the Company as at the date of this announcement), is indirectly held as to 60% by Alibaba Holding. Accordingly, Alibaba Cloud, being a consolidated entity of Alibaba Holding, is an associate of Ali Fortune and therefore a connected person of the Company. The transactions contemplated under the 2023 Technology Services Framework Agreement thus constitute continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

As one or more applicable percentage ratios with respect to the highest Annual Cap of fees payable to Alibaba Cloud and its subsidiaries and/or affiliates by the Group under the 2023 Technology Services Framework Agreement are more than 0.1% but all of them are less than 5%, the transactions contemplated under the 2023 Technology Services Framework Agreement are subject to the reporting, announcement and annual review requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

INFORMATION ABOUT THE PARTIES

The Company, the Group and Beijing AGTech

The Company was incorporated in Bermuda and its Shares are listed on GEM of the Stock Exchange. The Group is an integrated technology and services company engaged in electronic payment services, lottery, mobile games and entertainment and marketing technical services and non-lottery hardware supply markets with a focus on Mainland China and Macau. As a member of the Alibaba Group, the Group is the exclusive lottery platform of Alibaba Group and Ant Group.

Beijing AGTech is a limited liability company established in the PRC and a wholly-owned subsidiary of the Company. Being an investment holding vehicle of the Group, Beijing AGTech holds Beijing AGTech GOT Technology Co., Ltd.* (北京亞博高騰科技有限公司), which is a leading manufacturer and supplier of lottery terminals in the PRC.

Alibaba Cloud, Alibaba Holding and Alibaba Group

Alibaba Cloud is a company established in the PRC with limited liability and a consolidated entity of Alibaba Holding. It offers a complete suite of cloud services to customers worldwide, including elastic computing, database, storage, network virtualization services and application services, big data analytics, a machine learning platform and Internet of Things (IoT) services. Alibaba Cloud also operates data centers in multiple countries around the world.

Alibaba Holding is a company incorporated in the Cayman Islands, with its American depositary shares, each representing eight ordinary shares, listed on the New York Stock Exchange (Stock Symbol: BABA), and its ordinary shares listed on the Main Board of the Stock Exchange (Stock Code: 9988).

Alibaba Group's mission is to make it easy to do business anywhere. Alibaba Group aims to build the future infrastructure of commerce. It envisions that its customers will meet, work and live at Alibaba, and that it aspires to be a good company that will last for 102 years. Alibaba Group's businesses are comprised of China commerce, international commerce, local consumer services, Cainiao logistics services, cloud services, digital media and entertainment and innovation initiatives.

DEFINITIONS

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

“Alibaba Cloud”	Alibaba Cloud Computing Ltd.* (阿里雲計算有限公司) is a company established in the PRC with limited liability and a consolidated entity of Alibaba Holding
“Alibaba Group”	Alibaba Holding and its subsidiaries from time to time
“Alibaba Holding”	Alibaba Group Holding Limited, a company incorporated in the Cayman Islands, with its American depositary shares (each representing eight ordinary shares) listed on the New York Stock Exchange (Stock Symbol: BABA) and its ordinary shares listed on the Main Board of the Stock Exchange (Stock Code: 9988)

“Ali Fortune”	Ali Fortune Investment Holding Limited, a company incorporated under the laws of the British Virgin Islands and the controlling shareholder of the Company
“Annual Cap(s)”	the maximum annual amount(s) of fees payable to Alibaba Cloud and its subsidiaries and/or affiliates by the Group under the 2023 Technology Services Framework Agreement
“Ant Group”	Ant Group Co., Ltd. (螞蟻科技集團股份有限公司), a company organized under the laws of the PRC, and its subsidiaries from time to time
“associate(s)”, “connected person(s)”, “controlling shareholder”, “percentage ratio(s)”, and “subsidiary(ies)”	each has the meaning ascribed to it under the GEM Listing Rules
“Beijing AGTech”	Beijing AGTech Co., Ltd* (北京亞博科技有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Board”	the board of Directors
“Company”	AGTech Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the GEM of the Stock Exchange (Stock Code: 8279)
“Director(s)”	the director(s) of the Company
“Effective Date”	the effective date of the 2023 Technology Services Framework Agreement, being January 1, 2023
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Macau”	the Macau Special Administrative Region of the PRC
“PRC”	the People’s Republic of China which, for the purpose of this announcement, refers to Mainland China only
“Share(s)”	ordinary share(s) of HK\$0.002 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Technology Services”	the technology services and resources to be procured by the Group from Alibaba Cloud and its subsidiaries and/or affiliates pursuant to the 2023 Technology Services Framework Agreement
“%”	per cent
“2020 Technology Services Framework Agreement”	has the meaning as defined in the section headed “HISTORICAL AMOUNTS AND ANNUAL CAPS” of this announcement
“2023 Technology Services Framework Agreement”	the framework agreement dated December 29, 2022 entered into between Beijing AGTech and Alibaba Cloud in relation to the provision of the Technology Services

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

Hong Kong, December 29, 2022

* *For identification purposes only*

As at the date of this announcement, the Board comprises (i) Mr. Sun Ho and Ms. Hu Taoye as executive Directors; (ii) Mr. Liu Zheng, Mr. Li Jie, Mr. Ji Gang and Mr. Zou Liang as non-executive Directors; and (iii) Mr. Feng Qing, Dr. Gao Jack Qun Yao and Mr. Chow Siu Lui as independent non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the HKEXnews website operated by the Stock Exchange at www.hkexnews.hk for at least seven days from the day of its posting and will be published on the website of the Company at www.agtech.com.