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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)

**REVISION OF EXISTING ANNUAL CAP OF
CONTINUING CONNECTED TRANSACTIONS –
2023 TECHNOLOGY SERVICES FRAMEWORK AGREEMENT**

Reference is made to announcement of the Company dated December 29, 2022 in respect of the 2023 Technology Services Framework Agreement entered into between Beijing AGTech and Alibaba Cloud in relation to the provision of the Technology Services by Alibaba Cloud and its subsidiaries and/or affiliates to the Group for a term commencing from January 1, 2023 to December 31, 2024.

For the reasons disclosed in the section headed “Reasons for and Benefits of the Revision of the Existing Annual Cap” below, the Board resolves to revise and increase the Existing Annual Cap of HK\$4,200,000 to the Revised Annual Cap of HK\$5,000,000.

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.

Pursuant to Rule 20.52(1) of the GEM Listing Rules, the Company has to re-comply with the announcement and independent shareholders' approval requirements (if applicable) before the Existing Annual Cap is exceeded. As one or more of the applicable percentage ratios with respect to the Revised Annual Cap are more than 0.1% but all of them are less than 5%, the revision of the Existing Annual Cap is subject to the reporting, announcement and annual review requirements but is exempt from the circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

REVISION OF EXISTING ANNUAL CAP

Reference is made to announcement of the Company dated December 29, 2022 in respect of the 2023 Technology Services Framework Agreement entered into between Beijing AGTech and Alibaba Cloud in relation to the provision of the Technology Services by Alibaba Cloud and its subsidiaries and/or affiliates to the Group for a term commencing from January 1, 2023 to December 31, 2024. Unless the context requires otherwise, capitalized terms used herein shall have the same meanings as defined in the 2022 Announcement.

For the reasons disclosed in the section headed "Reasons for and Benefits of the Revision of the Existing Annual Cap" below, the Board resolves to revise and increase the Existing Annual Cap of HK\$4,200,000 to the Revised Annual Cap of HK\$5,000,000.

The Board confirms that the Existing Annual Cap has not yet been exceeded as at the date of this announcement. Save for the revision of annual cap as set out in this announcement, all the terms and conditions under the 2023 Technology Services Framework Agreement remain unchanged. The Company will continue to closely monitor the implementation of the 2023 Technology Services Framework Agreement and take prompt actions to make necessary disclosure and, if necessary, obtain independent shareholders' approval in the event that any further adjustment to the Revised Annual Cap becomes foreseeable.

HISTORICAL TRANSACTION AMOUNT

The service fees paid to Alibaba Cloud and its subsidiaries and/or affiliates by the Group for the Technology Services under the 2023 Technology Services Framework Agreement for the period from January 1, 2023 to October 31, 2023 was approximately HK\$3,657,000.

REASONS FOR AND BENEFITS OF THE REVISION OF THE EXISTING ANNUAL CAP

In view of the expected increase in demand of the Group for the Technology Services under the 2023 Technology Services Framework Agreement for the remaining period during the 12 months ending December 31, 2023, the Board expects that the aggregate amount of service fees payable to Alibaba Cloud and its subsidiaries and/or affiliates by the Group for the Technology Services under the 2023 Technology Services Framework Agreement will be higher than the level envisaged at the time when the parties entered into the 2023 Technology Services Framework Agreement. The Board expects that the Existing Annual Cap of HK\$4,200,000 will not be sufficient and resolves to revise the same to the Revised Annual Cap of HK\$5,000,000. Through the increase in the annual cap for the Technology Services for the 12 months ending December 31, 2023 under the 2023 Technology Services Framework Agreement, the Group will be able to continue to obtain sufficient technology service from Alibaba Cloud in the remaining period of the 12 months ending December 31, 2023, in order to meet the needs of the Group.

The Revised Annual Cap was determined with reference to (i) the expected demand of the Group for the Technology Services under the 2023 Technology Services Framework Agreement; and (ii) the historical volume of the Technology Services purchased by the Group and the service fees paid by the Group to Alibaba Cloud and its subsidiaries and/or affiliates for the Technology Services under the 2023 Technology Services Framework Agreement from January 1, 2023 to October 31, 2023.

The Directors (including the independent non-executive Directors) consider that the Revised Annual Cap is on normal commercial terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

As Mr. Tung Pen Hung and Ms. Qin Yuehong are employees of Alibaba Group, each of these Directors is deemed or may be perceived to have a material interest in the 2023 Technology Services Framework Agreement and the transactions contemplated thereunder (including the Revised Annual Cap), and had therefore abstained from voting on the Board resolution(s) for approval of the Revised Annual Cap).

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.

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INFORMATION ABOUT THE PARTIES

The Company, the Group and Beijing AGTech

The Company was incorporated in Bermuda and the Shares are listed on GEM of the Stock Exchange. The Group is an integrated technology and services company engaged in electronic payment services, lottery, lifestyle, games and entertainment, marketing technical services, e-commerce 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.

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 (HKD Counter) and 89988 (RMB Counter)).

Alibaba Group's mission is to make it easy to do business anywhere. Alibaba Group aims to build the future infrastructure of commerce and 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 Holding is a holding company of six major business groups: Taobao and Tmall Group, Alibaba International Digital Commerce Group, Cloud Intelligence Group, Local Services Group, Cainiao Smart Logistics Network Limited, and Digital Media and Entertainment Group, along with various other businesses.

DEFINITIONS

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

- “2022 Announcement” the announcement of the Company dated December 29, 2022 in respect of the 2023 Technology Services Framework Agreement and the transactions contemplated thereunder
- “Existing Annual Cap” the existing annual cap for the Technology Services under the 2023 Technology Services Framework Agreement for the 12 months ending December 31, 2023
- “Revised Annual Cap” the revised annual cap for the Technology Services under the 2023 Technology Services Framework Agreement for the 12 months ending December 31, 2023

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

Hong Kong, December 8, 2023

* *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. 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, 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.