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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.



AGTech Holdings Limited
亞博科技控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 8279)

FINAL RESULTS ANNOUNCEMENT
FOR THE FIFTEEN MONTHS ENDED MARCH 31, 2024

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

* *For identification purpose only*

FINANCIAL HIGHLIGHTS FOR THE FIFTEEN MONTHS ENDED MARCH 31, 2024

Reference is made to the announcements of the Company dated December 7, 2023 and January 2, 2024 regarding the change of the financial year end date of the Company from December 31 to March 31, and accordingly, the current financial period covers a period of fifteen months from January 1, 2023 to March 31, 2024. The corresponding comparative amounts shown covered twelve months' period from January 1, 2022 to December 31, 2022, and therefore are not directly comparable with the amounts shown for the current period.

- Revenue of the Group for the 15-Month Period amounted to approximately HK\$766.6 million (Year ended December 31, 2022: approximately HK\$351.4 million), representing an increase of approximately 118.1% over the year ended December 31, 2022. For the 15-Month Period, revenue contributions were mainly derived from:
 - Electronic payment and related businesses in Macau of approximately HK\$455.6 million (Year ended December 31, 2022: approximately HK\$180.2 million); and
 - Lottery and related business (including lottery hardware sales, provision of lottery distribution and ancillary services in Chinese Mainland) of approximately HK\$311.0 million (Year ended December 31, 2022: approximately HK\$171.2 million).

Electronic payment and related businesses

The increase in revenue by approximately HK\$275.4 million was mainly due to (i) the inclusion of revenue for the first quarter of 2024 in current financial period of approximately HK\$93.0 million as a result of the change in financial year end; (ii) the consolidation of the revenue of the acquired wholly-owned subsidiary of the Company in Macau, Macau Pass, for the entire period, whereas results of Macau Pass were consolidated into the Group's financial statements from March 24, 2022 (being date of completion of the acquisition of the Macau Pass Group by the Group) to December 31, 2022 only for the year ended December 31, 2022; and (iii) the increase in tourist arrivals in Macau during the 15-Month Period and no further extension on the exemption on transaction service fees charged to small and medium enterprises after the end of February 2023.

Lottery and related business

Apart from the inclusion of revenue for first quarter of 2024 in current financial period of approximately HK\$77.2 million, the remaining increase in revenue for the twelve months ended December 31, 2023 as compared to the year ended December 31, 2022 by approximately HK\$62.6 million was mainly due to the increases in revenue from the sales of lottery hardware by approximately HK\$39.5 million and increase in revenue from the provision of lottery distribution and ancillary services by approximately HK\$27.8 million as a result of the Group's continuous effort in expanding its network of collaboration with retail sales outlets for lottery distribution and increase in lottery sales volume after the recovery from pandemic.

- Operating loss of approximately HK\$44.8 million was recorded for the 15-Month Period (Year ended December 31, 2022: operating loss of approximately HK\$129.7 million). The decrease in operating loss was mainly due to a combination of factors: (i) the increase in total revenue of the Group (partially offset by the related costs and expenses); (ii) the decrease in net other losses by approximately HK\$15.0 million to approximately HK\$10.4 million mainly due to a reduction of foreign exchange loss; and partially offset by the increase in employee benefits expenses by approximately HK\$81.8 million to approximately HK\$209.6 million for the 15-Month Period.
- The profit for the 15-Month Period was approximately HK\$30.7 million (Year ended December 31, 2022: loss of approximately HK\$131.1 million). The change from loss to profit for the 15-Month Period was primarily due to the above-mentioned decrease in operating loss. In addition, there was an increase in finance income by approximately HK\$29.7 million to approximately HK\$76.5 million (Year ended December 31, 2022: approximately HK\$46.8 million) and fair value gain on financial assets of approximately HK\$1.1 million was recorded for the 15-Month Period (Year ended December 31, 2022: fair value loss of approximately HK\$39.9 million).
- Adjusted EBITDA¹ of the Group for the 15-Month Period was approximately HK\$54.6 million (Year ended December 31, 2022: Negative Adjusted EBITDA of approximately HK\$35.8 million).
- The Board does not recommend the payment of a final dividend for the 15-Month Period.

Note 1: "Adjusted EBITDA" is defined as profit/loss before finance income, finance cost, income tax credit/expense, depreciation and amortization expenses, and excluding items which are not indicative of the key operational performance of the Group including gain/loss on fair value changes of financial assets at fair value through profit or loss, imputed interest expense on deferred consideration, net other losses and share-based payments.

RESULTS

Reference is made to the announcements of the Company dated December 7, 2023 and January 2, 2024 in relation to the change of financial year end date of the Company from December 31 to March 31 and its update, respectively. As a result of such change of financial year end date, the Board hereby announces the audited consolidated final results of the Group for the fifteen months ended March 31, 2024 (the “**15-Month Period**”), together with the audited comparative figures for the year ended December 31, 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the fifteen months ended March 31, 2024

| | | For the fifteen months ended March 31, 2024 | For the year ended December 31, 2022 |
|--------------------------------------------------------------------------------------------------|-------------|----------------------------------------------------------------|-----------------------------------------------|
| | <i>Note</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Revenue | 2 | 766,583 | 351,414 |
| Other income | | 14,434 | 13,503 |
| Net other losses | 4 | (10,423) | (25,443) |
| Employee benefits expenses | | (209,593) | (127,788) |
| Purchase of and changes in inventories | | (114,499) | (62,718) |
| Depreciation and amortization expenses | | (83,596) | (66,581) |
| Other operating expenses | 5 | (407,684) | (212,102) |
| Operating loss | | (44,778) | (129,715) |
| Gain/(loss) on fair value changes of financial assets at fair value through profit or loss | | 1,093 | (39,901) |
| Imputed interest expense on deferred consideration | | (1,675) | (4,148) |
| Finance income | 6 | 76,525 | 46,766 |
| Finance cost | 6 | (2,860) | (2,402) |
| Profit/(loss) before income tax | | 28,305 | (129,400) |
| Income tax credit/(expense) | 7 | 2,411 | (1,688) |
| Profit/(loss) for the period/year | 8 | 30,716 | (131,088) |

| | | For the fifteen months ended March 31, 2024 | For the year ended December 31, 2022 |
|-------------------------------------------------------------------------|-------------|----------------------------------------------------------------|-----------------------------------------------|
| | <i>Note</i> | HK\$'000 | HK\$'000 |
| Other comprehensive loss: | | | |
| <i>Item that may be reclassified subsequently to profit or loss</i> | | | |
| Currency translation differences | | <u>(19,254)</u> | <u>(58,661)</u> |
| Other comprehensive loss for the period/year, net of tax | | <u>(19,254)</u> | <u>(58,661)</u> |
| Total comprehensive income/(loss) for the period/year | | <u>11,462</u> | <u>(189,749)</u> |
| Profit/(loss) attributable to: | | | |
| Owners of the Company | | 31,860 | (126,700) |
| Non-controlling interests | | <u>(1,144)</u> | <u>(4,388)</u> |
| | | <u>30,716</u> | <u>(131,088)</u> |
| Total comprehensive income/(loss) attributable to: | | | |
| Owners of the Company | | 12,525 | (182,881) |
| Non-controlling interests | | <u>(1,063)</u> | <u>(6,868)</u> |
| | | <u>11,462</u> | <u>(189,749)</u> |
| Earning/(loss) per share | | | |
| Basic | 9 | HK0.279 cent | (HK1.11 cents) |
| Diluted | 9 | HK0.278 cent | (HK1.11 cents) |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2024

| | <i>Note</i> | As at March 31, 2024 <i>HK\$'000</i> | As at December 31, 2022 <i>HK\$'000</i> |
|-------------------------------------------------------|-------------|-----------------------------------------------|--------------------------------------------------|
| Non-current assets | | | |
| Property, plant and equipment | | 30,274 | 34,295 |
| Right-of-use assets | | 61,481 | 67,598 |
| Investment properties | | 29,686 | 31,399 |
| Goodwill | | 1,466,568 | 1,489,082 |
| Other intangible assets | | 303,908 | 348,194 |
| Deferred income tax assets | | 8,041 | 9,373 |
| Investments accounted for using equity method | | – | – |
| Financial assets at fair value through profit or loss | | 81,910 | 78,854 |
| Other receivables, deposits and prepayments | | 16,224 | 16,882 |
| | | <u>1,998,092</u> | <u>2,075,677</u> |
| Current assets | | | |
| Inventories | | 20,786 | 33,072 |
| Trade receivables | 10 | 20,165 | 26,601 |
| Other receivables, deposits and prepayments | | 316,643 | 263,090 |
| Cash and bank balances | | 1,373,974 | 4,023,664 |
| | | <u>1,731,568</u> | <u>4,346,427</u> |
| Total assets | | <u>3,729,660</u> | <u>6,422,104</u> |
| Current liabilities | | | |
| Trade payables | 11 | 21,835 | 31,181 |
| Accruals and other payables | | 433,900 | 1,718,736 |
| Floats balance due to card or account holders | | 456,168 | 1,744,283 |
| Contract liabilities | | 12,281 | 31,623 |
| Card deposits due to cardholders | | 14,073 | 15,137 |
| Current income tax liabilities | | 2 | 27 |
| Deferred consideration payable | | – | 74,307 |
| Lease liabilities | | 11,864 | 15,894 |
| | | <u>950,123</u> | <u>3,631,188</u> |

| | <i>Note</i> | As at March 31, 2024 <i>HK\$'000</i> | As at December 31, 2022 <i>HK\$'000</i> |
|---------------------------------------------------|-------------|-------------------------------------------------------------|--------------------------------------------------|
| Non-current liabilities | | | |
| Deferred income tax liabilities | | 40,156 | 43,759 |
| Provision for warranties | | 30,765 | 27,680 |
| Accruals and other payables | | 2,533 | 2,431 |
| Lease liabilities | | 53,269 | 54,207 |
| | | <u>126,723</u> | <u>128,077</u> |
| Total liabilities | | <u>1,076,846</u> | <u>3,759,265</u> |
| Net assets | | <u>2,652,814</u> | <u>2,662,839</u> |
| Equity | | | |
| Share capital | | 23,344 | 23,344 |
| Reserves attributable to owners of the Company | | 2,624,240 | 2,608,592 |
| | | <u>2,647,584</u> | <u>2,631,936</u> |
| Non-controlling interests | | 5,230 | 30,903 |
| Total equity | | <u>2,652,814</u> | <u>2,662,839</u> |

1 BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRS**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and financial assets at fair value through profit or loss, which are measured at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

Change in financial year

On December 7, 2023, the Board announced that the financial year end date of the Company has been changed from December 31 to March 31 commencing from the financial period ended March 31, 2024 in order to coincide with the fiscal year end date of its holding company, Alibaba Group Holding Limited. Accordingly, the current financial period covers a period of fifteen months from January 1, 2023 to March 31, 2024. The comparative figures, however, are for the twelve months from January 1, 2022 to December 31, 2022, and hence are not directly comparable.

New standards and amendments adopted by the Group

The following new standards and amendments have been adopted by the Group for the first time for the financial year beginning on January 1, 2023:

| | |
|------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| Amendments to Hong Kong Accounting Standard (“ HKAS ”) 1 and HKFRS Practice Statement 2 | Disclosure of Accounting Policies |
| Amendments to HKAS 8 | Definition of Accounting Estimates |
| Amendments to HKAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |
| Amendments to HKAS 12 | International Tax Reform-Pillar Two Model Rules |
| Amendments to HKFRS 17 and HKFRS 17 | Insurance Contracts |
| HKFRS 17 | Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information |

The amendments listed above did not have material impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

2 REVENUE

Revenue represents the amounts received and receivable from electronic payment business in Macau (including provision of payment card services and ancillary services, e-wallet services and acquiring services for merchants), lottery business in Chinese Mainland (including lottery hardware sales and related after-sales services, and lottery distribution through physical channels and ancillary services), local consumer services business in Macau and Chinese Mainland (including lifestyle, games and entertainment, marketing technical services and e-commerce), non-lottery hardware sales and lease income of lottery hardware, payment terminals and equipment in Chinese Mainland and Macau and is analysed as follows:

| | For the fifteen months ended March 31, 2024 HK\$'000 | For the year ended December 31, 2022 HK\$'000 |
|-----------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-----------------------------------------------------------|
| Electronic payment | | |
| (i) Provision of payment card services and ancillary services | 103,235 | 87,949 |
| (ii) Provision of e-wallet services | 143,635 | 32,401 |
| (iii) Provision of acquiring services for merchants | 177,880 | 52,505 |
| | 424,750 | 172,855 |
| Lottery | | |
| (i) Lottery hardware sales | 196,325 | 102,009 |
| (ii) Lottery distribution through physical channels and ancillary services | 113,496 | 63,410 |
| | 309,821 | 165,419 |
| Local consumer services: Lifestyle, games and entertainment, marketing technical services and e-commerce | 23,814 | 5,387 |
| Non-lottery hardware sales | 1,530 | 2,425 |
| Subtotal | 759,915 | 346,086 |
| Lease income of lottery hardware, payment terminals and equipment | 6,668 | 5,328 |
| Total | 766,583 | 351,414 |

3 SEGMENT INFORMATION

The executive Directors have been identified as the chief operating decision maker (“CODM”). The CODM reviews the Group’s internal reporting in order to assess performance and allocate resources.

The segment information reported externally is analyzed on the basis of the composition of its reporting segments by line of businesses, which are (i) Electronic payment and related services; and (ii) Lottery operation; respectively. The CODM is of the view that the presentation of the operating segment information reflects the Group’s operations and this is consistent with the internal information regularly reviewed by the CODM for the purposes of resources allocation and assessment of performance.

Principal activities of the Group’s reportable segments are as follows:

Electronic payment and related services – provision of payment card services and ancillary services; provision of e-wallet services; provision of acquiring services for merchants; sale and leasing of payment terminals and equipment; and other related services in Macau.

Lottery operation – sales and leasing of lottery hardware (including provision of related after-sale services), provision of lottery distribution and ancillary services in Chinese Mainland; and other related services.

Segment results represent the profit earned or loss incurred by each segment without allocation of results attributable to finance income, finance cost, income tax, depreciation and amortization expenses, net other gains/losses, gain or loss on fair value changes of financial assets at fair value through profit or loss, imputed interest expense on deferred consideration, unallocated other income and unallocated expenses (the “**Segment Results**”). Unallocated expenses mainly include corporate and head office expenses. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

Information regarding the above reportable segments is reported as below:

(a) **Segment revenue and results**

| | Electronic payment and related services | | Lottery operation | | Total | |
|--------------------------------------------------------------------------------------------|-----------------------------------------|--------------------|------------------------------|--------------------|------------------------------|--------------------|
| | For the fifteen months ended | For the year ended | For the fifteen months ended | For the year ended | For the fifteen months ended | For the year ended |
| | March 31, 2024 | December 31, 2022 | March 31, 2024 | December 31, 2022 | March 31, 2024 | December 31, 2022 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Segment revenue | | | | | | |
| Recognized at a point in time | 431,136 | 162,062 | 196,393 | 104,337 | 627,529 | 266,399 |
| Recognized over time | 18,579 | 14,447 | 113,807 | 65,240 | 132,386 | 79,687 |
| Lease income of lottery hardware, payment terminals and equipment | 5,913 | 3,731 | 755 | 1,597 | 6,668 | 5,328 |
| Total revenue | 455,628 | 180,240 | 310,955 | 171,174 | 766,583 | 351,414 |
| Segment Results | 29,422 | (11,842) | 55,095 | 1,894 | 84,517 | (9,948) |
| Finance income | | | | | 76,525 | 46,766 |
| Finance cost | | | | | (2,860) | (2,402) |
| Depreciation and amortization expenses | | | | | (83,596) | (66,581) |
| Net other losses | | | | | (10,423) | (25,443) |
| Gain/(loss) on fair value changes of financial assets at fair value through profit or loss | | | | | 1,093 | (39,901) |
| Imputed interest expense on deferred consideration | | | | | (1,675) | (4,148) |
| Unallocated other income | | | | | 4,225 | 3,521 |
| Unallocated expenses | | | | | (39,501) | (31,264) |
| Profit/(loss) before income tax | | | | | 28,305 | (129,400) |

(b) **Segment assets and liabilities**

There was no separate segment assets and segment liabilities information provided to the CODM, as CODM does not use this information to allocate resources to or evaluate the performance of the operating segments.

(c) **Geographical information**

The Group's operations are mainly located in Chinese Mainland and Macau.

The Group's revenue from external customers by location of operations and information about its non-current assets* by location of assets are detailed below:

| | Revenue from external customers | | Non-current assets* | |
|------------------|---------------------------------------------|--------------------------------------|----------------------|-------------------------|
| | For the fifteen months ended March 31, 2024 | For the year ended December 31, 2022 | As at March 31, 2024 | As at December 31, 2022 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Chinese Mainland | 296,496 | 171,174 | 1,106,213 | 1,129,314 |
| Macau | 455,628 | 180,240 | 796,723 | 852,646 |
| Hong Kong | – | – | 5,205 | 5,490 |
| Others | 14,459 | – | – | – |
| | <u>766,583</u> | <u>351,414</u> | <u>1,908,141</u> | <u>1,987,450</u> |

* Non-current assets represent non-current assets other than financial assets at fair value through profit or loss and deferred income tax assets.

Information about major customers

Revenue from customers contributing over 10% of total revenue of the Group is as follows:

| | For the fifteen months ended March 31, 2024 | For the year ended December 31, 2022 |
|------------|---------------------------------------------|--------------------------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Customer A | <u>N/A*</u> | <u>47,427</u> |

* The corresponding customer did not contribute over 10% to the Group's revenue for the fifteen months ended March 31, 2024.

4 NET OTHER LOSSES

| | For the fifteen months ended March 31, 2024 HK\$'000 | For the year ended December 31, 2022 HK\$'000 |
|-----------------------------------------------------|-----------------------------------------------------------------------------|-----------------------------------------------------------|
| Loss on fair value changes of investment properties | (717) | (2,331) |
| Foreign exchange loss | (940) | (23,096) |
| Reversal of interest income on loan to an associate | (6,472) | – |
| Reversal of loss allowance/(loss allowance) on | | |
| – trade and other receivables | (43) | 205 |
| – cash and bank balances | 183 | (304) |
| – amount due from a joint venture | (2,435) | – |
| Gain on disposals of property, plant and equipment | <u>1</u> | <u>83</u> |
| | <u>(10,423)</u> | <u>(25,443)</u> |

5 OTHER OPERATING EXPENSES

| | For the fifteen months ended March 31, 2024 HK\$'000 | For the year ended December 31, 2022 HK\$'000 |
|------------------------------------------------------------------------|-----------------------------------------------------------------------------|-----------------------------------------------------------|
| Transaction service fees | 133,426 | 41,747 |
| Handling fees (for stored value payment card top-up services) | 36,684 | 20,665 |
| Distribution expenses | 85,452 | 43,664 |
| Marketing expenses | 15,010 | 26,630 |
| Customer loyalty programme related expenses | 42,253 | 20,674 |
| Technology service fees | 11,168 | 1,978 |
| Provision for warranties | 13,998 | 8,157 |
| Legal and professional fees | 13,534 | 9,924 |
| Management and administrative service fees from fellow subsidiaries | 5,462 | 4,936 |
| Rent, rates and property management fees | 5,068 | 4,655 |
| Telecommunication and postage | 5,342 | 4,921 |
| Repair and maintenance | 3,194 | 1,949 |
| Office expenses | 7,753 | 4,209 |
| Travel and transportation expenses | 7,573 | 4,036 |
| Auditor's remuneration | 2,500 | 2,661 |
| Others | <u>19,267</u> | <u>11,296</u> |
| | <u>407,684</u> | <u>212,102</u> |

6 FINANCE INCOME AND FINANCE COST

| | For the fifteen months ended March 31, 2024 HK\$'000 | For the year ended December 31, 2022 HK\$'000 |
|-------------------------------------------|-----------------------------------------------------------------------------|-----------------------------------------------------------|
| Finance income | | |
| – Interest income on bank deposits | 75,295 | 45,080 |
| – Interest income on loan to an associate | <u>1,230</u> | <u>1,686</u> |
| | <u>76,525</u> | <u>46,766</u> |
| Finance cost | | |
| – Interest expense on lease liabilities | <u>(2,860)</u> | <u>(2,402)</u> |

7 INCOME TAX (CREDIT)/EXPENSE

Taxation has been calculated on the estimated assessable profit for the period/year at the rates prevailing in the countries in which the members of the Group operate.

No provision for Hong Kong profits tax and Macau complementary tax has been made, as there were no assessable profits arising in or derived from Hong Kong and Macau for the period/year.

| | For the fifteen months ended March 31, 2024 HK\$'000 | For the year ended December 31, 2022 HK\$'000 |
|---------------------------------------------------------------|-----------------------------------------------------------------------------|-----------------------------------------------------------|
| Current tax: | | |
| – PRC Enterprise Income Tax on assessable profit for the year | – | 180 |
| – Adjustments in respect of prior years | 19 | 32 |
| – Withholding tax on dividend paid (<i>note</i>) | – | 7,127 |
| Deferred tax: | | |
| – Origination and reversal of temporary differences | <u>(2,430)</u> | <u>(5,651)</u> |
| Income tax (credit)/expense | <u>(2,411)</u> | <u>1,688</u> |

Note:

Withholding tax is charged at 10% on dividend declared by a subsidiary in Chinese Mainland and payable to its holding company in Hong Kong.

8 PROFIT/(LOSS) FOR THE PERIOD/YEAR

Profit/(loss) for the period/year has been arrived at after charging/(crediting):

| | For the fifteen months ended March 31, 2024 HK\$'000 | For the year ended December 31, 2022 HK\$'000 |
|------------------------------------|---------------------------------------------------------------------------------|-----------------------------------------------------------|
| Share-based payments | | |
| – Directors and eligible employees | 5,399 | 1,931 |
| Auditor's remuneration | | |
| – Audit services | 2,478 | 2,640 |
| – Audit-related services | 22 | 21 |
| | ===== | ===== |

9 EARNING/(LOSS) PER SHARE

(a) Basic

Basic earning or loss per Share is calculated by dividing the profit attributable to owners of the Company for the fifteen months ended March 31, 2024 of approximately HK\$31,860,000 (for the year ended December 31, 2022: loss of approximately HK\$126,700,000) by the weighted average number of ordinary Shares outstanding during the fifteen months ended March 31, 2024 of approximately 11,672,342,000 (for the year ended December 31, 2022: approximately 11,672,342,000) Shares and excluding the weighted average number of Shares held for Share Award Scheme of approximately 253,847,000 (for the year ended December 31, 2022: approximately 237,023,000) Shares.

(b) Diluted

Diluted earning or loss per Share is calculated by adjusting the weighted average number of ordinary Shares outstanding to assume conversion of all dilutive potential ordinary Shares. The Company has one category of dilutive potential ordinary Shares: Share awards. For the Share awards, a calculation is done to determine the number of Shares that could have been acquired at fair value (determined as the average market Share price of the Shares) based on the monetary value of the subscription rights attached to outstanding Share awards.

For the fifteen months ended March 31, 2024, diluted earning per Share is calculated by dividing the profit attributable to owners of the Company of approximately HK\$31,860,000 by the adjusted weighted average number of ordinary Shares of approximately 11,468,722,000 Shares.

For the year ended December 31, 2022, the computation of the diluted loss per Share does not assume the vesting of the outstanding Share awards, as they would decrease the diluted loss per Share.

10 TRADE RECEIVABLES

| | As at March 31, 2024 HK\$'000 | As at December 31, 2022 HK\$'000 |
|-------------------|--------------------------------------------------|-------------------------------------------|
| Trade receivables | 20,225 | 26,618 |
| Loss allowance | (60) | (17) |
| | <u>20,165</u> | <u>26,601</u> |

Ageing analysis of trade receivables based on the date of the relevant invoice or demand note before loss allowance was as follows:

| | As at March 31, 2024 HK\$'000 | As at December 31, 2022 HK\$'000 |
|-----------------|--------------------------------------------------|-------------------------------------------|
| 0 to 30 days | 17,993 | 24,178 |
| 31 to 60 days | 784 | 755 |
| 61 to 90 days | 218 | 159 |
| 91 to 120 days | 602 | 560 |
| 121 to 365 days | 416 | 672 |
| Over 365 days | 212 | 294 |
| | <u>20,225</u> | <u>26,618</u> |

11 TRADE PAYABLES

Ageing analysis of the trade payables based on invoice date was as follows:

| | As at March 31, 2024 HK\$'000 | As at December 31, 2022 HK\$'000 |
|-----------------|--------------------------------------------------|-----------------------------------------------------|
| 0 to 30 days | 17,532 | 28,418 |
| 31 to 60 days | 563 | 141 |
| 61 to 90 days | – | 32 |
| 91 to 120 days | 167 | 91 |
| 121 to 365 days | 1,368 | 720 |
| Over 365 days | 2,205 | 1,779 |
| | <u>21,835</u> | <u>31,181</u> |

12 DIVIDEND

The Board does not recommend the payment of a final dividend for the fifteen months ended March 31, 2024 (for the year ended December 31, 2022: Nil).

DISCUSSION AND ANALYSIS OF THE GROUP'S RESULTS AND BUSINESS ABOUT THE GROUP

AGTech was incorporated in Bermuda and its Shares are listed on GEM (Stock Code: 8279). AGTech is an integrated technology and services company engaged in electronic payment services, lottery, local consumer services and non-lottery hardware supply businesses, 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. AGTech is an associate member of the World Lottery Association (WLA) and the Asia Pacific Lottery Association (APLA).

AGTech's businesses are broadly divided into four principal categories:

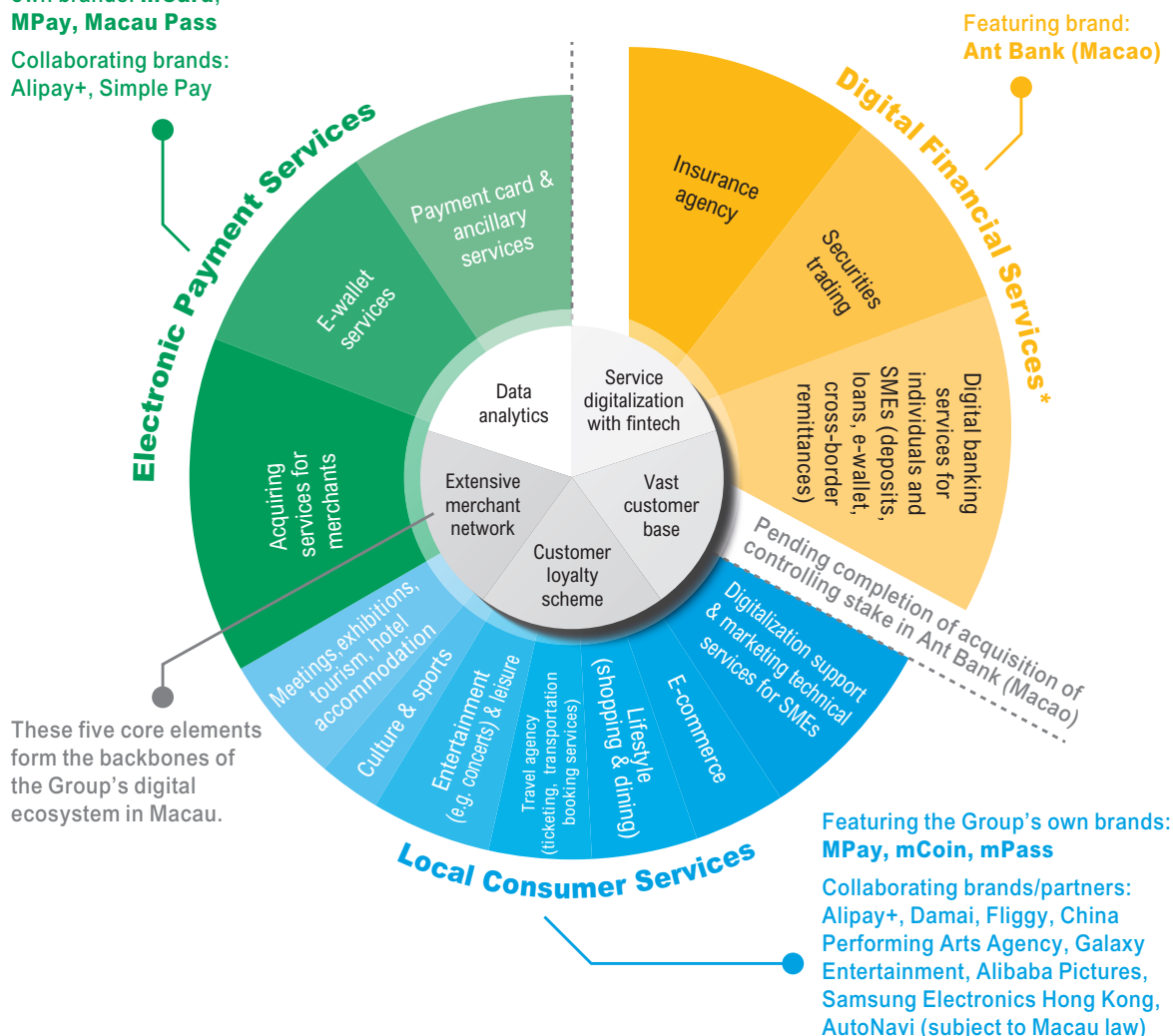
- (i) Electronic payment services:
 - (a) provision of payment card services and ancillary services;
 - (b) provision of e-wallet services;
 - (c) provision of acquiring services for merchants;
- (ii) Lottery:
 - (a) lottery hardware sales;
 - (b) lottery distribution through physical channels and ancillary services;
- (iii) Local consumer services: lifestyle, games and entertainment, marketing technical services and e-commerce; and
- (iv) Non-lottery hardware supply (including sales and leasing).

With the long-established foundation of a vast customer base and an extensive merchant network of Macau Pass, coupled with innovative financial technology to further propel digitalization of the suite of services of the Group in Macau, upgrade its data analytics capability and continuously enrich its customer loyalty scheme to enhance customers' experience in their lifestyle, the Group's businesses in Macau have gradually evolved into a digital ecosystem (as outlined in the diagram below) that integrates electronic payment services and local consumer services, and will further expand into digital financial services (subject to the completion of the proposed acquisition of a controlling stake in Ant Bank (Macao) by the Group as further discussed below).

Digital ecosystem of the Group's business segment in Macau

Featuring the Group's own brands: **mCard, MPay, Macau Pass**

Collaborating brands: Alipay+, Simple Pay



* The digital financial services in Macau are currently carried on by Ant Bank (Macao), in which the Group holds an effective equity interest of 9.99%. On February 8, 2024, the Group announced its proposed acquisition of a controlling stake in Ant Bank (Macao), raising its equity interest therein to approximately 51.5%. As of the date hereof, the completion of the aforesaid acquisition (the "Closing") is still pending. The digital financial services are included in the above diagram for completeness and for illustrative purposes only in order to enable Shareholders and potential investors of the Company to comprehend the full picture of the digital ecosystem of the Group's Macau business segment following and assuming Closing. **Shareholders and potential investors of the Company should exercise caution when analyzing the Group's Macau business segment using the above diagram.**

CORPORATE STRATEGY AND OBJECTIVES

AGTech is committed to evolving its businesses into an integrated technology and services company engaged in electronic payment services, lottery, local consumer services and non-lottery hardware supply businesses to cater for customers around the world.

As the exclusive lottery platform of Alibaba Group and Ant Group, lottery technology and services will continue to be one of AGTech's domain expertise. The Group continues to leverage its lottery industry experience and innovation to support lottery authorities in areas including physical channel expansion and innovative lottery hardware.

Building on the past experiences of the Group in collaborating with several online or mobile shopping and payment platforms, the Group will strive to integrate its core competencies into its electronic payment services and local consumer services businesses in Macau, with a view to not only strengthening its presence in Macau, but also broadening its business coverage in complementary sectors including but not limited to e-commerce, lifestyle, entertainment and advertising or marketing technical services and expanding its presence beyond Macau.

The Group will continue to extend its hardware product offering to non-lottery hardware for the retail sector, with a view to broadening the product spectrum of its hardware supply business and providing better services for merchants in Macau.

Looking forward, AGTech will strive to expand its electronic payment services and local consumer services to reach more customers in the Guangdong-Hong Kong-Macao Greater Bay Area of the PRC and overseas countries.

INDUSTRY OVERVIEW

The Macau Electronic Payment Market

The electronic payment market in Macau has experienced significant growth in recent years. According to the statistics of the AMCM, in 2023, the total transaction value reached approximately MOP28.14 billion, an annual increase of approximately 8.8%; and the number of mobile payment transactions was approximately 301 million, an annual increase of approximately 12.9%.

This significant growth in the mobile payment market in Macau can be attributed to the various support initiatives for electronic payment by the government of Macau, including (i) the launch of the “Simple Pay” service in 2021, which is an integrated payment system allowing merchants to accept various electronic payment methods through a single payment terminal or QR code. Over 90% of merchants in Macau have adopted this system; (ii) the launch of various rounds of “Electronic Consumption Benefits Plan” (in addition to the living subsidy in October 2022) during the COVID-19 pandemic to stimulate domestic demand and ease financial pressure faced by local residents and businesses; and (iii) AMCM’s promotion of the introduction of more overseas payment tools by local financial institutions for use by merchants in Macau in order to align with Macau’s strategic positioning as a “World Tourism and Leisure Center” and create a more convenient payment environment for tourists visiting Macau.

The Macau’s Tourism and Culture Markets

The Policy Framework for the Development of the Cultural Industry (2020-2024) by the government of Macau outlines key directions for the cultural industry development with its three major means of support, namely, cultural tourism, cultural trade, and cultural technology, aiming to extend and penetrate the value chain formed by the culture and tourism industries. Macau’s comprehensive tourism and leisure sector is steadily growing, and the government aims to create an integrated destination that combines elements such as cuisine, vacation, sightseeing, shopping, entertainment, culture, medical care and sports through the “tourism +” development model. This continuous enrichment contributes to Macau’s status as a World Tourism and Leisure Center.

In 2023 and the first half of 2024, Macau attained the following remarkable achievements and growth drivers in its tourism:

- (i) *Tourists’ satisfaction*: According to a study by the China Tourism Academy published in May 2024, Macau was ranked first as the most satisfactory destination for Chinese Mainland outbound tourists in the first quarter of 2024. This achievement can be attributed to the expansion of the Individual Visit Scheme (as further discussed below), allowing tourists from more Chinese Mainland cities to visit Macau, as well as the distribution of tourists’ consumption coupons, easier customs clearance and processing of visas and the recently implemented policies allowing eligible Macau vehicles to travel to the Guangdong Province;

- (ii) *Robust recovery in tourism:* According to the data from the Statistics and Census Service of the government of Macau, Macau’s tourism industry experienced a robust recovery in 2023, with the annual visitor arrivals surged by 394.9% year-on-year to exceeding 28.2 million, representing 71.6% of the pre-pandemic level in 2019. In the first quarter of 2024, visitor arrivals totaled approximately 8.9 million, representing a year-on-year increase of 79.4%; while the total spending of visitors (excluding gambling) rose by 35.9% year-on-year to MOP20.35 billion, an increase of 20.2% as compared to the first quarter of 2019. The per-capita spending of visitors in the first quarter of 2024 was MOP2,293, a 40.3% increase as compared to the first quarter of 2019;
- (iii) *Convenient measures implemented by the National Immigration Administration of the PRC (“NIA”):* The NIA has implemented various measures in support of Macau’s tourism and economy: (a) starting from May 6, 2024, Chinese Mainland visitors joining Hengqin-Macau tour groups will be allowed to make multiple trips between Hengqin and Macau within a seven-day period; (b) residents of 20 Chinese Mainland cities (including Guangzhou, Shenzhen, Beijing and Shanghai) can renew travel documents such as passports and Macau passes online; (c) applications for business visa to Macau can be submitted at any public security bureau across the PRC, while the maximum length of stay in Macau will be extended from 7 days to 14 days; (d) visa policy for talent traveling to work in Macau is expanded from cities in the Greater Bay Area to include Beijing and Shanghai, and eligible talents can apply for multiple visas with validity periods ranging from one to five years; and (e) Chinese Mainland residents can apply for a visa for multiple visits to Macau within a 12-month period to participate in exhibitions, seek medical treatment or engage in performing arts; and
- (iv) *Expansion of the Individual Visit Scheme to cover 10 more Chinese Mainland cities:* Residents of Xi’an, Shaanxi Province and Qingdao, Shandong Province from March 6, 2024, and residents of eight more capital cities in their respective provinces or autonomous regions (including Taiyuan, Shanxi Province; Harbin, Heilongjiang Province; Lanzhou, Gansu Province; Xining, Qinghai Province; Yinchuan, Ningxia; Hohhot, Inner Mongolia; Lhasa in Xizang and Urumqi in Xinjiang) from May 27, 2024, are allowed to visit Macau without having to join guided tours, bringing the total number of Chinese Mainland cities under the Individual Visit Scheme to 59. It is expected that the expansion of the scheme in 2024 will bring more high-value-added overnight tourists to Macau.

Overview of Macau's Trade in Services Industry

The trade in services industry is a pillar of Macau's economy. According to the "Report on the Development Index of Trade in Services in the World" published by the Ministry of Commerce of the PRC, trade in services is expected to experience rapid growth, especially in areas like finance, telecommunications and software services, which will be closely related to Information and Communications Technology ("ICT"). E-services among ICT services have seen significant growth. The COVID-19 pandemic has accelerated the development of the online economy, impacting consumption patterns and promoting emerging services.

Macau's Second Five-Year Plan for the Economic and Social Development (2021-2025) emphasizes digital development, which will boost exports of trade in services and contribute to the moderately diversified development of the local economy. The popularity of mobile payment will help build digital service scenarios and increase efforts to promote the digitalization in financial services, technical services, trade-related services and other commercial service exports.

Lottery

There are two legal lottery operators in the PRC: the Welfare Lottery and the Sports Lottery.

According to the data published by the MOF, PRC lottery sales for the year of 2023 amounted to approximately RMB579.6 billion, representing an increase of approximately 36.5% over the corresponding period in 2022. Of this, Welfare Lottery amounted to approximately RMB194.4 billion, representing an increase of approximately 31.3% compared to the corresponding period in 2022. Sports Lottery achieved sales of approximately RMB385.2 billion, representing an increase of approximately 39.3% compared to the corresponding period in 2022.

During January to March 2024, PRC lottery sales amounted to approximately RMB149.5 billion, representing an increase of approximately 19.7% over the corresponding period in 2023. Of this, Welfare Lottery amounted to approximately RMB51.2 billion, representing an increase of approximately 28.7% compared to the corresponding period in 2023. Sports Lottery achieved sales of approximately RMB98.3 billion, representing an increase of approximately 15.6% compared to the corresponding period in 2023.

Lifestyle, Games and Entertainment, Marketing Technical Services and E-commerce

Macau's digital adaption in the consumer sector, especially in the e-commerce space, has seen significant and continued growth in recent years. With the emergence of innovative marketing channels and platforms, digital technology and products are expected to further integrate with the life of consumers.

According to the Survey on Information Technology Usage in the Household Sector for 2023 published by the Statistics and Census Service of the government of Macau, 97.3% of the households in Macau are connected to the Internet, of which 98.8% are connected through mobile networks. 39.8% of Macau's Internet users have made online purchases, an increase of 16.5% year-on-year. The median total online shopping spending amount of households in Macau in the fourth quarter of 2023 was MOP1,500; and among the types of goods and services purchased online, the median spending on "travel services" increased by 2.5 times year-on-year to MOP5,000. In terms of payment methods for online shopping, 95.5% of online shoppers utilized "online payment platforms", no change from 2022.

On the entertainment front, the blossom of the concert entertainment scene in Macau continues its momentum and more concerts will be held in Macau. There are many factors contributing to the flourishing concert entertainment scene in Macau, including (i) the recovery of tourist activities post-COVID 19; (ii) the special support from the Macau government's policy, fostering an environment conducive to cultural events; (iii) the active efforts of major casino operators in offering diverse performance venues for concerts to cater to different fanbases of different artists, making it relatively easier for the organizers to book concert venues in Macau; and (iv) the proximity of Macau to Hong Kong and other parts of the Greater Bay Area and the convenience of customs clearance also help attract fans from different regions to visit Macau to see concerts and go sightseeing at the same time.

BUSINESS REVIEW

Electronic Payment Services

An indirect wholly-owned subsidiary of the Company, Macau Pass, is one of the leading payment service providers in Macau and is an "other financial institution" licensed under AMCM. It is principally engaged in contactless payment card and ancillary services, e-wallet services and acquiring services.

The “Macau Pass Card” (the “mCard”) is the most common contactless smart card for payments in Macau. There are currently more than 5 million mCards in issuance. The mCard can be used for fare payments for buses and light rail transit, car parks, government services, retail consumption, food and beverage services and so on. During the 15-Month Period and up to the date hereof, the second generation and various limited editions of mCards had been issued, such as:



- “Infinite Fun in Macau” mCard: jointly launched by the Macau Leisure and Travel Service Innovation Association and Macau Pass to enhance the experience and convenience of international tourists in Macao by offering Macau tourism information through scanning the QR code printed on the card in addition to the standard payment functions



- The Wynners Commemorative Edition mCard (溫拿紀念版澳門通卡)



- 70th Edition of the Macau Grand Prix mCard





- Fliggy Co-branded mCard (飛豬聯名澳門通卡): contains special offers from mPass (a local lifestyle channel within the MPay app which provides local residents and tourists with updates on promotional offers related to food, accommodation, shopping and entertainment), Fliggy (an online travel platform in China under the Alibaba Group) and Galaxy Macau, all in one card



- Second Generation Purchased Version of mCard (NFC-enabled), with new features:

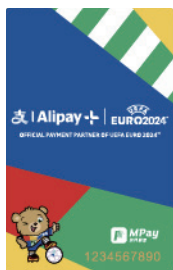
† supports using MPay to top up mCard (or vice versa) via NFC (near field communication)



† allows cardholders to register personal information, thereby enjoying the 24-hour mCard report loss service



- Year of the Loong mCard



- UEFA Euro 2024 mCard

MPay, the e-wallet operated by Macau Pass, supports online and offline payments covering different payment scenarios such as person-to-person transfer, telecommunication and utility bill payment, online ticketing, payment of car parking fees and payment of bus fares using QR code. At the beginning of 2024, MPay made the Macau public transit QR Code available to all five levels of MPay account users. This will enable those users (such as tourists) who are not willing to provide their personal information when registering their MPay accounts to also use the public transit QR Code to pay for their bus and light rail transit fares.

Through cooperation with Alipay+ Solution, MPay has officially become a payment partner of Taobao (Macao, China) to provide electronic payment services to its users. Residents in Macau and other registered users who are not Chinese Mainland residents can use MPay to make payments in Macau patacas directly when shopping online with Taobao (Macao, China).

In August 2023, Macau Pass has partnered with Alipay+ to expand the coverage of the cross-border payment business of MPay to more than 40 overseas countries including the United Arab Emirates, the United Kingdom, Switzerland, the European Economic Area countries (such as France, Germany and Italy), Australia, New Zealand, Qatar, Singapore, Malaysia, South Korea, Japan, the Philippines, Thailand and the United States of America. The expanded cross-border payment coverage of MPay will enhance the e-payment experience of MPay users when travelling overseas and diversify the Group's sources of revenue.

In September 2023, a new payment service allowing Macau residents, who are users of MPay with real name authentication, to use MPay in Chinese Mainland and Hong Kong was launched by Macau Pass. The new service serves to provide Macau residents with a more convenient electronic payment experience outside of the Macau region, thereby enabling a one-stop payment service from local to cross-border spending and creating a cross-border electronic payment ecosystem for the users of MPay. Through the collaboration with Alipay+, MPay has achieved global consumption capabilities, marking a solid step for Macau in enhancing the convenience of cross-border payment experiences. Building on this foundation, in the first quarter of 2024, MPay has seen a significant increase of more than double in both transaction value and volume in Japan, South Korea, and Hong Kong.

The newly launched mCards and personalized mCards, starting from February 1, 2024, have added an NFC linkage feature for two-way top-up with MPay, making it convenient for the elderly, people with disabilities, and children. Family members can now directly use MPay to assist in topping up, eliminating the need to prepare change. Currently, the number of MPay registered users accounts for over 90% of Macau's total population.



In 2023, Macau Pass commenced to provide acquiring services to Alipay+ partners' e-wallets such as GCash (the Philippines), Touch 'n Go eWallet (Malaysia), TrueMoney (Thailand), Tinaba (Italy), OCBC (Singapore), Changi Pay (Singapore), Public Bank (Malaysia), Toss Pay (South Korea), NAVER Pay (South Korea) and Hipay (Mongolia). This means, in addition to Alipay in Chinese Mainland, AlipayHK, WeChat Pay, Octopus (Hong Kong), Kakao Pay (South Korea) and other e-wallets launched by other banks in Macau, Macau Pass payment devices can now also accept payments from the aforesaid ten overseas e-wallets respectively. Through the cooperation with Alipay+, the innovative one-stop payment solution will accelerate the digital transformation of local merchants in Macau, create a connected international digital payment ecosystem for Macau, solve the problem of cross-border payment for international tourists, and help SMEs find new business growth opportunities.

Lottery

The Group is one of the leading suppliers of lottery terminals in China. During the 15-Month Period, the Group won multiple lottery hardware tenders to supply lottery terminals to the Sports Lottery Administration Centres in Anhui Province, Chongqing Municipality, Hubei Province, Hunan Province, Sichuan Province, Guizhou Province, Hainan Province, Zhejiang Province, Jiangsu Province, Shanghai Municipality, Fujian Province, Guangdong Province, Shandong Province and Tianjin Municipality of the PRC. The Group will continue to pursue tenders to supply to the lottery hardware markets.

The Group currently distributes lottery products (including lotto, sports lottery and instant scratch tickets) by expanding its physical lottery sales channels in China, which are mostly retail sales outlets previously under the membership network of Alibaba Group's digital sourcing platform for retailers, i.e. "Lingshoutong" (零售通). Due to the business restructuring of the Alibaba Group, the lottery sales outlets previously set up within the retail shops under Lingshoutong and Shanghai Caicai have now been directly and solely operated by CLM or ZCLM starting from March 2024. There will be no more fee split between the Group and Lingshoutong or Shanghai Caicai with respect to those lottery sales outlets. The retail shops continue their sales of lottery products pursuant to the service agreements between the retail shops and CLM or ZCLM. Alibaba China's Lingshoutong and Shanghai Caicai will no longer be involved in the cooperation with the Group for the sale of lottery products in the PRC starting from March 2024.

During the 15-Month Period, the Group generated revenue of approximately HK\$104.8 million from the distribution of lottery through retail sales outlets, representing an increase of approximately 97% over the 12-month period ended December 31, 2022. Such increase was mainly attributable to the increase in lottery sales volume recorded by the sales outlets after the recovery from the COVID-19 pandemic and the Group's continuous efforts in expanding its network of collaborating retail sales outlets for lottery distribution, with an increase of approximately 12% in the number of such outlets as compared to 2022.

Additionally, the Group has operated its dedicated lottery resources channel on Taobao and Alipay. While this lottery resources channel has not conducted any internet lottery sales, it serves as a one-stop platform for many lottery-related services and resources, providing online users in China with an easy access to information and resources that address various lottery needs.

Through this lottery resources channel, the Group hopes to build on its online presence and maximize the value of its business partnership with Alibaba Group and Ant Group, in addition to preparation for any potential policy approval and authorization of online distribution of lottery products in the future.

Local Consumer Services Business

The Group has been offering non-lottery mini-games as a means of promoting special offers, lucky draws and maintaining customer engagement with its services. The Group also provides ticket sales and promotional support for live performances, concerts, cinemas, exhibitions and other entertainment, sports and cultural events. Providing marketing services and convenient payment experience are also beneficial for the Group to participate in the cultural and entertainment market.

The Group continues to assist merchants to attract customers, enhance brand exposure and increase online transactions. In response to the previous round of “Electronic Consumption Benefits Plan”, MPay launched a series of promotions via the use of its e-wallet services, where users could get random discounts or payment rebates, as well as win prizes and earn loyalty points, mCoins, for redemption of merchant coupons and other exclusive offers on its platform.

In January 2023, through the coordination of the Macau Economic and Technological Development Bureau, the Group and the five major chambers of commerce and industry in Macau jointly launched the “Rewards for Consumption in Macao” (遊澳消費獎賞) electronic campaign. Users can go to the Alipay+Rewards (Macau) page to collect a wide range of coupons from over 100 Macau restaurants and retailers. Leveraging the Alipay+ global cross-border mobile payment solution, store information, discounts or instant discounts were posted on the Macau Pass-operated page. Since mid-April 2023, Galaxy Macau, one of Asia’s world-class leisure and entertainment integrated resorts, had officially joined the campaign. Users could receive coupons from Galaxy merchants. The Group looks forward to interacting directly with the growing number of domestic and international consumers of the Alipay+ partners’ e-wallets, exploring new business opportunities for Macau merchants to draw in more visitors to shop, thereby jointly driving business efficiency.

In February 2023, the Group entered into a strategic cooperation agreement with 銀河 ICC及綜藝館有限公司 (Galaxy ICC & Arena Limited) (a subsidiary of Galaxy Entertainment Group Limited (“**Galaxy**”)), 北京大麥文化傳媒發展有限公司 (Beijing Damai Cultural Media Development Co., Ltd.*) (“**Damai**”) and Alibaba Pictures Group Limited (“**Alibaba Pictures**”), under which the parties have agreed to utilize their respective resources and experiences for the purpose of organizing Macau cultural and entertainment activities and promoting the development of the cultural and entertainment industry in Macau. By relying on the convenience and inclusive development of the electronic payment of Macau Pass, and the advantages of its experience in local marketing technical services in Macau, and by leveraging Galaxy’s infrastructure and resources, Damai’s leading online ticketing platform for live events in Chinese Mainland and Alibaba Pictures’ internet-driven integrated platform for the entertainment industry to reach more customers and provide those customers with easy access to high-quality movies and/or events, it is beneficial to the Group’s participation in the cultural and entertainment market in Macau and the development of its businesses in non-payment areas.

In May 2023, Macau Pass and Samsung Electronics Hong Kong Limited (“**Samsung Electronics Hong Kong**”) signed a memorandum of understanding to provide a framework for the parties’ initial cooperation intentions. The two parties agree to use their respective resources, strengths and experience to cooperate in the fields of e-finance, e-commerce, marketing, smart city construction and Internet of Things (IOT), so as to provide users with quality products or services, thereby promoting market development in the Guangdong-Hong Kong-Macao Greater Bay Area.

In July 2023, Macau Pass won the tender awarded by a government authority in Macau to be one of the suppliers for the provision of SMEs backend digitalization support services in Macau. These services will enable SMEs to conduct online marketing, transactions and settlement by providing different industry solutions, thereby assisting SMEs in digital operation, optimizing business management and supporting the digitalization transformation and development of the Macau economy. Macau Pass is determined to support and assist SMEs in enhancing their business capabilities and expanding their businesses in the local and overseas markets through the provision of the aforementioned digitalization support services and other services.

To encourage local consumption to benefit SMEs in the community, Macau Pass joined hands with MGM to launch the “MGM x MPay Community Consumption Reward” from July 15 to 31, 2023. More than 6,000 merchants benefited from this activity, of which more than 90% were SMEs, and the prizes drove more than 60,000 secondary consumption deals for more than 3,000 merchants, creating an additional substantial transaction volume and bringing practical economic benefits to SMEs in the community.

In August 2023, in order to promote the community consumption cycle and attract customers for SMEs, Macau Pass launched the “Summer Consumption Reward” activity for the period from August 8 to September 22, which was suitable for catering and retail businesses with more than one million prizes. During the promotion period, users could enter the activity page multiple times to participate in the lucky draw. To stimulate the consumption desire of tourists and citizens, the more they consumed, the more chances they got for participating in the lucky draw. The activity promotes the development of domestic market, assists SMEs to increase their business volume, and helps further development of the real economy in Macau.

In December 2023, Macau Pass together with Galaxy Macau, AlipayHK and Alipay, launched the “Macau Consumption Carnival” with the aim of stimulating local consumption and attracting more tourists to experience the charm of Macau. More than 20,000 merchants across Macau benefited from the campaign by boosting consumption spending with a variety of special offers and prizes.

In February 2024, Macau Pass joined forces with Galaxy Macau and Fliggy to launch a digital tourism consumption project. The Fliggy co-branded mCard was introduced at the Galaxy Macau integrated resort, exploring an integrated online and offline digital tourism economic revitalization pilot project in Macau. This initiative also coincides with several major events in Macau, as well as the Lunar New Year and Lantern Festival tourism peak season, with the aim of providing more business opportunities for Macau’s SMEs.

In February 2024, Macau Pass established a strategic cooperation with AutoNavi Asia Limited (which offers its map services through Amap) in local services, offering travel and transportation services to eligible users in Macau (in compliance with relevant Macau laws and policies). Macau Pass plans to leverage Amap's products to provide Macau merchants with various information, marketing, operational, and technical support services. Simultaneously, it actively encourages Amap users to travel to Macau and leverages Macau Pass's payment and marketing capabilities to enhance the convenience and service experience for tourists in Macau.

In March 2024, Macau Pass reached a strategic cooperation with China Performing Arts Agency, establishing a strategic partnership in cultural construction and cultural tourism performances. The scope of cooperation includes: hosting large-scale cultural projects or activities organized or hosted by China Performing Arts Agency in Macau and the Guangdong-Hong Kong-Macao Greater Bay Area; planning or introducing opera, musicals, stage plays, and other live performances and their offline activities held in Macau and the Greater Bay Area. Macau Pass will formulate plans for the cooperative projects and be responsible for planning, operation and implementation, continuing to expand Macau's cultural market to align with the economic moderately diversified development plan of the government of Macau.

Macau Pass Travel Agency, as a subsidiary of Macau Pass Group, provides various sightseeing tours, customized travel services, ticket agency services for business, meetings, exhibitions, and entertainment activities. Through the mPass channel, it offers a diverse range of lifestyle and discount travel products, reflecting the vision and intended global business coverage of Macau Pass Group from its Macau base. mPass is a local lifestyle channel within the MPay app which provides local residents and tourists with updates on promotional offers related to food, accommodation, shopping and entertainment.

Non-lottery Hardware Supply

Macau Pass acts as the authorized agent to sell “Keruyun (客如雲)” brand of catering system in Macau and Hong Kong regions. As a leading digital SaaS service provider, Keruyun has been appointed as the designated supplier of digitalization support services for Macau's SMEs, serving many local catering outlets in Macau.

Strategic Investments

(i) *First Games Technology Private Limited in India:*

A joint venture company of the Group with One97 Communications Limited (“**One97**”), namely, First Games Technology Private Limited (the “**JV**”) (formerly known as Paytm First Games Private Limited), developed and operated its mobile games and entertainment platform, namely “First Games”, in India. One97 is the owner of Paytm, which is a leading mobile payment platform in India. First Games offers players a unique online experience with popular games content such as rummy, poker, fantasy sports games, and other card games.

(ii) *Ant Bank (Macao) in Macao:*

Ant Bank (Macao) is principally engaged in providing e-wallet payment services and financial banking services such as deposit, loan and cross-border remittance services to residents and SMEs of Macau. Starting from 2024, it also carries on securities trading and insurance agency businesses. The chairman and CEO of the Company, Mr. Sun Ho, and the non-executive Director, Mr. Ji Gang, are also directors of the Ant Bank (Macao).

The Group announced on February 8, 2024 that it proposed to acquire existing shares and subscribe for new shares of Ant Bank (Macao), thus increasing its stake to approximately 51.5% for a total net consideration of approximately MOP243 million, subject to regulatory approval. The resolutions in relation to the aforesaid transaction and the potential continuing connected transactions were duly approved by the independent Shareholders at the special general meeting of the Company held on March 27, 2024. However, the completion of the transaction is still conditional upon certain conditions precedent. Once the transaction is completed, Ant Bank (Macao) will become an indirect non-wholly owned subsidiary of AGTech, and its financial statements will be consolidated into the Group’s financial statements.

The transaction will enhance synergy between AGTech’s electronic payment services in Macau and the digital financial services of Ant Bank (Macao), connecting scenarios and resources of the ecosystem with payment plus inclusive finance to meet the consumption and financing needs of Macau residents and SMEs. Through the synergies with Alibaba Group and Ant Group’s ecological resources and AGTech’s various business units in lifestyle services, cultural entertainment and e-commerce, coupled with Macau’s leisure and tourism features, the Group aims to create distinctive cross-border financial services to attract more cross-border tourists (who are eligible to receive such services) to visit Macau, thus supporting the economic growth of Macau, and further diversifying and expanding the Group’s revenue sources.

By completing the transaction, AGTech’s business scope will expand from digital payment services and digital local consumer services to digital financial services. After the transaction, Ant Bank (Macao) and Ant Group will continue their cooperation in various business areas, including resources sharing services, remittance and settlement services, technical services, transfer of creditors’ rights and related services, deposit services, marketing services and loan services.

BUSINESS OUTLOOK

As one of the leading payment service providers in Macau, the Group strives to contribute to the local fintech development and smart city transformation for Macau and the Greater Bay Area through offering its contactless smart card, e-wallet and multipurpose e-payment system. Being one of the first batch of technology companies certified by the Macau Economic and Technological Development Bureau, Macau Pass is committed to enabling consumers and small businesses with access to technology and sustainable payment experiences. Through enhancing infrastructure and platform, it is the Group’s aim to support the digital transformation of financial services in the Greater Bay Area and beyond, committed to realizing our business strategy of becoming a modern fintech and innovative group in Macau and the Greater Bay Area in the PRC.

The Group was admitted as a constituent stock in the MSCI World Micro Cap Index in November 2023. The inclusion of the Group in the MSCI World Micro Cap Index fully reflects that the Group’s development prospects are highly recognized in the international capital market.

The Group strives to help Macau enterprises to provide tourists with more convenient multi-scene services, and support Macau’s economic recovery and growth. Macau Pass will take Macau as the hub and actively cooperate with the government of Macau to pragmatically push forward the “1+4” moderate and diversified economic development, consolidate the strengths of the cultural tourism, live performance and entertainment industries across Asia-Pacific, and realize high-quality integrated development of culture and tourism. Macau Pass will continue to collaborate with more cultural and entertainment enterprises, make various new attempts in the areas of ticketing information, package tickets design, online ticketing, ticket redemption, souvenir sales, etc., and the Group will make good use of Macau Pass, as well as the products, technologies and channel capabilities of its controlling shareholders, Alibaba Group and Ant Group, to reach out to the users in the Greater Bay Area and Southeast Asia, in order to strive for creating exciting cultural and entertainment content and new consumer brands.

The Group will also explore on strategic cooperation with Alibaba Group and Ant Group to further develop and create more diverse business scenarios within the e-commerce and digital media and entertainment landscape; provide support for more electronic payment tools from overseas countries and regions to further facilitate the consumption of visitors to Macau, helping Macau’s economic development and digital transformation of merchants, in addition to exploring commercialization opportunities within the Macau electronic payment ecosystem and cultural and entertainment market. Leveraging the advantages of Alipay+, the Group will integrate relevant industries in Macau through channels and contents, accurately present Macau’s cultural tourism advantages such as entertainment, catering and shopping to potential tourists, assist collaborating merchants to increase their online exposure, and deeply build Macau into a new form of “top-notch tourist destination”. In the future, we will continue to enhance the payment convenience for the elderly, foreigners coming to live and work in Macau, and other groups. We will deepen the construction of service scenarios, enrich the provision of payment services, and continuously improve the standard of payment services and the payment experience for these relevant groups.

The Group’s continuing efforts to partner with additional provincial lottery authorities of China in areas such as technology and business innovation, channel expansion and distribution, smart hardware terminals, data services, and other value-added ancillary services are all part of its lottery initiatives. While the Group believes that the potential of internet and mobile distribution channels in the PRC lottery markets is promising, there is still uncertainty as to the timing of the potential re-opening of the online lottery distribution market under the applicable PRC laws and regulations. In this respect, the Group will continue to closely monitor policy developments.

Lastly, the Group’s continuing investment to enhance its technology infrastructure and develop its in-house capabilities continues to be a demonstration of its commitment to generate long term sustainable growth for the Shareholders.

OPERATIONAL STATISTICS OF THE GROUP

- Number of mCards issued as of March 31, 2024: approximately 5.09 million, an increase by approximately 13% as compared to December 31, 2022
- Total number of payment transactions processed by MPay accounted for approximately 80% of the electronic payment transaction volume in Macau for the 15-Month Period
- Total number of lottery terminal public tenders issued by PRC sports lottery authorities that was won by the Group for the 15-Month Period: 24 out of 67 tenders

FINANCIAL PERFORMANCE REVIEW

Reference is made to the announcements of the Company dated December 7, 2023 and January 2, 2024 regarding the change of the financial year end date of the Company from December 31 to March 31, and accordingly, the current financial period covers a period of fifteen months from January 1, 2023 to March 31, 2024. The corresponding comparative amounts shown covered twelve months' period from January 1, 2022 to December 31, 2022, and therefore are not directly comparable with the amounts shown for the current period.

Revenue

Revenue of the Group for the 15-Month Period amounted to approximately HK\$766.6 million (Year ended December 31, 2022: approximately HK\$351.4 million), representing an increase of approximately 118.1% over the year ended December 31, 2022. For the 15-Month Period, revenue contributions were mainly derived from:

- Electronic payment and related businesses in Macau of approximately HK\$455.6 million (Year ended December 31, 2022: approximately HK\$180.2 million); and
- Lottery and related business (including lottery hardware sales, provision of lottery distribution and ancillary services in Chinese Mainland) of approximately HK\$311.0 million (Year ended December 31, 2022: approximately HK\$171.2 million).

Electronic payment and related businesses

There was an overall increase in revenue by approximately HK\$275.4 million to approximately HK\$455.6 million for the 15-Month Period. Apart from the inclusion of revenue for first quarter of 2024 in current financial period of approximately HK\$93.0 million, the increase in revenue for the twelve months ended December 31, 2023 as compared to the year ended December 31, 2022 by approximately HK\$182.4 million was mainly due to a combination of factors:

- (i) the consolidation of the revenue of the acquired wholly-owned subsidiary of the Company in Macau, Macau Pass, throughout the entire period, whereas results of Macau Pass were consolidated into the Group's financial statements from March 24, 2022 (being date of completion of the acquisition) to December 31, 2022 only for the year ended December 31, 2022, leading to the increase in revenue by approximately HK\$106.1 million;
- (ii) the increase in revenue of the electronic payment business in Macau for the nine months ended December 31, 2023 as compared to the nine months ended December 31, 2022 by approximately HK\$60.7 million, as a result of the economic recovery post-COVID-19 pandemic, the increase in tourist arrivals in Macau and no further extension on the exemption on transaction service fees charged to small and medium enterprises after the end of February 2023; and
- (iii) the increase in revenue from lifestyle, games and entertainment, marketing technical services and e-commerce business by approximately HK\$13.5 million as a result of the Group's initiation and participation in the lifestyle, cultural and entertainment market in Macau during the current period and the inclusion of the Macau Pass Group's revenue arising from merchant coupons sales and commissions following the acquisition of the Macau Pass Group for the entire period.

Lottery and related business

There was an overall increase in revenue by approximately HK\$139.8 million to approximately HK\$311.0 million for the 15-Month Period. Apart from the inclusion of revenue for first quarter of 2024 in current financial period of approximately HK\$77.2 million (including lottery hardware sales of approximately HK\$54.9 million and revenue from provision of lottery distribution and ancillary services of approximately HK\$22.3 million), the increase in revenue for the twelve months ended December 31, 2023 as compared to the year ended December 31, 2022 by approximately HK\$62.6 million was mainly due to a combination of factors:

- (i) the increase in revenue from the sales of lottery hardware by approximately HK\$39.5 million. There was delay in lottery hardware tender and delivery as a result of outbreak of epidemic in Chinese Mainland towards the year end in 2022 and the lottery hardware tenders resumed normal during the 15-Month Period after the recovery from pandemic; and
- (ii) the increases in revenue from the provision of lottery distribution and ancillary services by approximately HK\$27.8 million as a result of the Group's continuous effort in expanding its network of collaboration with retail sales outlets for lottery distribution and increase in lottery sales volume after the recovery from pandemic.

Other operating expenses

There was an increase in other operating expenses of the Group by approximately HK\$195.6 million to approximately HK\$407.7 million for the 15-Month Period (Year ended December 31, 2022: approximately HK\$212.1 million). Apart from the inclusion of other operating expenses for first quarter of 2024 in current financial period of approximately HK\$86.4 million, the increase in other operating expenses for the twelve months ended December 31, 2023 as compared to the year ended December 31, 2022 by approximately HK\$109.2 million was mainly due to a combination of factors:

- (i) an increase in costs (including transaction service fees, handling fees for stored value payment card top-up services and cost incurred for e-wallet services' customer loyalty programme) in respect of the electronic payment business by approximately HK\$82.7 million;
- (ii) an increase in distribution expenses in relation to lottery distribution business by approximately HK\$24.2 million;
- (iii) an increase in technical service fees by approximately HK\$7.4 million due to the development of new lifestyle business and enhancing anti-money laundering capabilities; and
- (iv) partially offset by the decrease in marketing expenses by approximately HK\$15.4 million as the third round of the Electronic Consumption Benefits Plan (the "ECBP") and related marketing activities came to an end in February 2023.

Employee benefits expenses

Employee benefits expenses increased by approximately HK\$81.8 million to approximately HK\$209.6 million for the 15-Month Period (Year ended December 31, 2022: approximately HK\$127.8 million), which was mainly due to:

- (i) the inclusion of the Macau Pass Group's employee benefits expenses following the acquisition of the Macau Pass Group for the entire 15-Month Period, whereas such expenses were consolidated into the financial statements of the Group only from March 24, 2022 to December 31, 2022 for the year ended December 31, 2022; and
- (ii) the recruitment of staff across the Group to cope with the business growth and expansion.

Operating loss and profit for the period

Operating loss for the 15-Month Period was approximately HK\$44.8 million (Year ended December 31, 2022: approximately HK\$129.7 million). The decrease in operating loss was mainly due to a combination of factors:

- (i) the increase in total revenue (partially offset by the related costs and expenses) of the Group as mentioned above; and
- (ii) the decrease in net other losses by approximately HK\$15.0 million mainly due to a reduction of foreign exchange loss as a result of the stabilization of the depreciation of Renminbi against Hong Kong dollars.

The profit for the 15-Month Period was approximately HK\$30.7 million (Year ended December 31, 2022: loss of approximately HK\$131.1 million). Apart from the above-mentioned factors for the decrease in operating loss, the change from loss to profit for the 15-Month Period was also primarily attributable to:

- (i) the increase in finance income by approximately HK\$29.7 million to approximately HK\$76.5 million (Year ended December 31, 2022: approximately HK\$46.8 million) mainly due to the increase in market interest rates for the 15-Month Period; and
- (ii) fair value gain on financial assets of approximately HK\$1.1 million was recorded for the 15-Month Period (Year ended December 31, 2022: fair value loss of approximately HK\$39.9 million), which was mainly derived from the fair value gain on the convertible term loan facilities provided by the Group to its 45%-owned joint venture company in India of approximately HK\$3.0 million.

Liquidity and financial resources

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and meet its short-term and long-term funding requirements. Net cash (defined as total cash and cash equivalents plus cash from payment settlement receivable on T+1 basis less total debts, which include trade payables, accruals and other payables (excluding provision for warranty which represents a future obligation that does not directly impact the current cash balance), contract liabilities, floats balance due to card or account holders, card deposits due to cardholders, deferred consideration payable and lease liabilities) as at March 31, 2024 amounted to approximately HK\$375.9 million. In addition, fixed deposits held at bank with original maturity over three months amounted to approximately HK\$201.4 million as at March 31, 2024 (as at December 31, 2022: Nil).

The total assets and net current assets of the Group as at March 31, 2024 were approximately HK\$3,729.7 million and approximately HK\$781.4 million respectively (as at December 31, 2022: approximately HK\$6,422.1 million and approximately HK\$715.2 million respectively). Current liabilities of the Group as at March 31, 2024 were approximately HK\$950.1 million (as at December 31, 2022: approximately HK\$3,631.2 million). The liquidity ratio (defined as current assets divided by current liabilities) of the Group as at March 31, 2024 was approximately 1.8 (as at December 31, 2022: approximately 1.2) which continuously reflects the adequacy of financial resources of the Group.

Capital structure and foreign exchange risk

During the 15-Month Period, the Group financed its capital requirement through its equity and its internally generated cash flow as well as the proceeds from the Subscription.

As at March 31, 2024, the Group did not have any bank borrowings. The gearing ratio (defined as bank borrowings divided by equity) of the Group as at March 31, 2024 was therefore not applicable.

As at March 31, 2024, majority of the Group's bank deposits were denominated in US\$, MOP, HK\$ and RMB. RMB-denominated bank deposits were primarily held by the entities of which functional currency is RMB. MOP-denominated bank deposits were primarily held by the entities of which functional currency is MOP. Since MOP is pegged to HK\$ and HK\$ is pegged to US\$, there is no significant foreign exchange risk in respect to US\$ and MOP during the 15-Month Period. As at March 31, 2024, the Group's entity with functional currency of Hong Kong dollar had net monetary assets denominated in INR of approximately HK\$81.9 million (as at December 31, 2022: approximately HK\$78.9 million) and the related foreign exchange risk had not been hedged. Substantially all of its revenue-generating operations, monetary assets and liabilities of the Group are conducted or transacted in functional currencies. The Group had neither foreign currency hedging activities nor any financial instruments for hedging purposes during the 15-Month Period. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Contingent liabilities and capital commitment

As at March 31, 2024, save as disclosed in the paragraph headed "DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION IN RELATION TO THE ATTAINMENT OF A CONTROLLING STAKE IN ANT BANK (MACAO) THROUGH ACQUISITION OF EXISTING SHARES, AND SUBSCRIPTION FOR NEW SHARES, IN ANT BANK (MACAO); AND DISPOSAL OF A 30% EQUITY INTEREST IN STAR N CLOUD; AND POSSIBLE CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE FRAMEWORK AGREEMENT" below, the Group did not have any material contingent liabilities and capital commitment that constituted "notifiable transactions" under Chapter 19 of the GEM Listing Rules.

Significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures during the 15-Month Period

There were no significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures that constituted “notifiable transactions” under Chapter 19 of the GEM Listing Rules during the 15-Month Period, save as disclosed in the paragraph headed “DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION IN RELATION TO THE ATTAINMENT OF A CONTROLLING STAKE IN ANT BANK (MACAO) THROUGH ACQUISITION OF EXISTING SHARES, AND SUBSCRIPTION FOR NEW SHARES, IN ANT BANK (MACAO); AND DISPOSAL OF A 30% EQUITY INTEREST IN STAR N CLOUD; AND POSSIBLE CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE FRAMEWORK AGREEMENT” below.

Employees’ information and remuneration policies

As at March 31, 2024, the Group had 413 (as at December 31, 2022: 333) employees in Chinese Mainland, Macau and Hong Kong. Total staff costs (excluding Directors’ emoluments) for the 15-Month Period amounted to approximately HK\$195.9 million (for the year ended December 31, 2022: approximately HK\$119.6 million).

The Group’s remuneration policies are formulated on the basis of performance and experience of individual employees and are in line with local market practices. In addition to salary, the Group also offers to its employees other fringe benefits including year-end bonus, Share Award Scheme, contributory provident fund, social security fund, medical benefits and training (including on-the-job training, in-house and external training seminars).

Charges on the Group’s assets

As at March 31, 2024, bank deposits of approximately HK\$1.6 million (as at December 31, 2022: approximately HK\$2.1 million) were held in designated bank accounts to secure letters of bank guarantee granted to the Group.

As at March 31, 2024, a sum of approximately HK\$5.0 million (as at December 31, 2022: approximately HK\$6.5 million) was held by trustees of the Company for purchases of award Shares under the Share Award Scheme. Such sum was not available for general use by the Group.

In addition, as at March 31, 2024, a restricted bank deposit was held for performance guarantees provided by a Macau bank in favor of the Macau government for service projects of Macau Pass to the extent of approximately HK\$19,000. The bank guarantees are secured by the restricted bank deposit provided by the Group amounting to approximately HK\$19,000.

Save as disclosed above, as at March 31, 2024, there was no charge on the assets of the Group.

Future plans for material investments and acquisition of capital assets

As at March 31, 2024, save as disclosed in the paragraph headed “DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION IN RELATION TO THE ATTAINMENT OF A CONTROLLING STAKE IN ANT BANK (MACAO) THROUGH ACQUISITION OF EXISTING SHARES, AND SUBSCRIPTION FOR NEW SHARES, IN ANT BANK (MACAO); AND DISPOSAL OF A 30% EQUITY INTEREST IN STAR N CLOUD; AND POSSIBLE CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE FRAMEWORK AGREEMENT” below in relation to, inter alia, the proposed acquisition of 33.3% of the existing issued share capital of Ant Bank (Macao) (as at the date of the Announcement (as defined below)) and the proposed subscription for approximately 27.3% of the issued share capital of Ant Bank (Macao) as enlarged by the capital increase of Ant Bank (Macao), there was no other specific plan for material investments and acquisition of capital assets that is required to be disclosed pursuant to Rule 17.10 of the GEM Listing Rules and the inside information provisions under Part XIVA of the SFO. The Group intends to fund the cash consideration of the Share Transfer (as defined below) and the Capital Increase (as defined below) by its internal cash reserves.

Significant changes to financial position

Inventories of the Group amounted to approximately HK\$20.8 million as at March 31, 2024 (as at December 31, 2022: approximately HK\$33.1 million). Inventory turnover period decreased from 162 days for the year ended December 31, 2022 to 107 days for the 15-Month Period mainly due to the higher inventory level as at December 31, 2022 as a result of the postponed delivery of lottery hardware products caused by the outbreak of the pandemic towards the year end in 2022.

Trade receivables of the Group amounted to approximately HK\$20.2 million as at March 31, 2024 (as at December 31, 2022: approximately HK\$26.6 million). Debtor turnover period decreased from 20 days for the year ended December 31, 2022 to 14 days for the 15-Month Period. The debtor turnover period continued to stay at a low level for the 15-Month Period, reflecting that the status of debtor collection from customers remained satisfactory.

Goodwill of the Group decreased to approximately HK\$1,466.6 million as at March 31, 2024 (as at December 31, 2022: approximately HK\$1,489.1 million), primarily due to the currency translation difference of approximately HK\$22.5 million.

The financial assets at fair value through profit or loss of approximately HK\$81.9 million as at March 31, 2024 (as at December 31, 2022: approximately HK\$78.9 million) represents the fair value of convertible term loan facilities in the maximum amount of INR1,319.4 million (or approximately HK\$137.3 million) which had been provided by the Group to and fully utilized by the JV. A fair value gain on such financial assets of approximately HK\$3.0 million was recognized for the 15-Month Period. A fair value loss on such financial assets of approximately HK\$39.9 million was recognized for the year ended December 31, 2022, mainly due to the increase in market interest rates during such period; whereas there was no significant change in the market interest rates for the 15-Month Period.

There was no outstanding deferred consideration payable as at March 31, 2024 (as at December 31, 2022: approximately HK\$74.3 million). The deferred consideration in relation to the acquisition of the Macau Pass Group was paid in March 2023.

The Group entered into an engagement with the Macau government as one of the registered payment platforms for the Electronic Consumption Benefits Plan (the “**ECBP**”). As at December 31, 2022, cash and bank balance included the fund received from the Macau Government under the 2022 ECBP in Macau which was payable to merchants upon the consumption by Macau citizen or to Macau Government upon termination of ECBP in 2023. The decrease in cash and cash equivalents by approximately HK\$2,849.2 million as at March 31, 2024 was mainly due to the consumption of the living subsidy and third round of funds under the 2022 ECBP by Macau citizen during the 15-Month Period and increase in fixed deposits held at bank with original maturity over three months amounted to approximately HK\$201.4 million as at March 31, 2024 (as at December 31, 2022: Nil).

The current portion of accruals and other payables and floats balance due to card or account holders amounted to approximately HK\$433.9 million and HK\$456.2 million respectively as at March 31, 2024 (as at December 31, 2022: approximately HK\$1,718.7 million and HK\$1,744.3 million respectively). The decreases in the current portion of accruals and other payables and floats balance were mainly due to the consumption of the living subsidy and third round of funds under the 2022 ECBP by Macau citizen during the 15-Month Period.

The current portion of other receivables, deposits and prepayments increased from approximately HK\$263.1 million as at December 31, 2022 to approximately HK\$316.6 million as at March 31, 2024, which was mainly due to increase in payment settlement related receivable on T+1 basis as compared to December 31, 2022.

Significant events after the 15-Month Period

Save as disclosed in the paragraph directly below, as of the date hereof, there was no significant event affecting the Group after March 31, 2024.

DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION IN RELATION TO THE ATTAINMENT OF A CONTROLLING STAKE IN ANT BANK (MACAO) THROUGH ACQUISITION OF EXISTING SHARES, AND SUBSCRIPTION FOR NEW SHARES, IN ANT BANK (MACAO); AND DISPOSAL OF A 30% EQUITY INTEREST IN STAR N CLOUD; AND POSSIBLE CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE FRAMEWORK AGREEMENT

The attainment of a controlling stake in Ant Bank (Macao) through acquisition of existing shares, and subscription for new shares, in Ant Bank (Macao)

As disclosed in the Company's announcement dated February 8, 2024 (the "**Announcement**"), on February 8, 2024, mFinance Holdings Limited ("**mFinance**") (an indirect wholly-owned subsidiary of the Company) entered into (i) the share transfer agreement with Star N Cloud Network Intelligence Company Limited ("**Star N Cloud**"), pursuant to which mFinance has conditionally agreed to acquire and Star N Cloud has conditionally agreed to sell the sale shares (representing 33.3% of the issued share capital of Ant Bank (Macao) as at the date of the Announcement or approximately 24.2% of the issued share capital of Ant Bank (Macao) as enlarged by the capital increase) (the "**Share Transfer**") for a consideration of MOP133,200,000 (equivalent to approximately HK\$129,324,000), with 30% of the consideration under the share transfer agreement (i.e. MOP39,960,000 (equivalent to approximately HK\$38,797,000)) to be distributed by Star N Cloud to AGTech (Macau) Limited ("**AGTech Macau**") (an indirect wholly-owned subsidiary of the Company) in proportion to its 30% shareholding in Star N Cloud; and (ii) the capital increase agreement with Ant Bank (Macao), Alipay (Macau) Holding Limited and Alipay (Macau) Investment Limited, pursuant to which mFinance has conditionally agreed to further contribute MOP150,000,000 (equivalent to approximately HK\$145,635,000) to the share capital of Ant Bank (Macao) by subscribing for 1,500,000 common shares (representing approximately 27.3% of the issued share capital of Ant Bank (Macao) as enlarged by the capital increase) to be issued by Ant Bank (Macao) (the "**Capital Increase**") at a price of MOP100 (equivalent to approximately HK\$97) each.

Upon the closing of the Share Transfer, the Capital Increase and the Disposal (as defined below) (the "**Closing**"), the Company will indirectly hold approximately 51.5% of the issued share capital of Ant Bank (Macao) through mFinance. Ant Bank (Macao) will become an indirect non-wholly owned subsidiary of the Company and the financial statements of Ant Bank (Macao) will be consolidated into the financial statements of the Group.

Disposal of a 30% equity interest in Star N Cloud

In view of the fact that Star N Cloud will no longer hold any shares in Ant Bank (Macao) following the completion of the Share Transfer and the purpose of the formation of Star N Cloud is for investment in Ant Bank (Macao), the Board resolved to sell the Group's 30% equity interest in Star N Cloud, subject to the completion of the Share Transfer (the “**Disposal**”). Accordingly, on February 8, 2024, AGTech Macau entered into the share transfer undertaking agreement with Mr. Cheung Felix Vitor, pursuant to which AGTech Macau has conditionally agreed to sell and Mr. Cheung Felix Vitor has conditionally agreed to acquire 30% of the issued share capital of Star N Cloud at the par value of MOP300,000 (equivalent to approximately HK\$291,000) upon the completion of the Share Transfer. Upon the Closing, the Group will cease to have any interest in Star N Cloud and Star N Cloud will cease to be a 30% indirectly owned associated company of the Company.

Possible continuing connected transactions in relation to the framework agreement

Ant Bank (Macao) and the Ant Group have been cooperating on different areas, including resources sharing services, remittance and settlement services, technical services, transfer of creditors' rights and related services, deposit services, marketing services and loan services.

The Ant Group (including Ant Technologies) are associates of Alibaba Holding and hence connected persons of the Company under the GEM Listing Rules. As Ant Bank (Macao) will become an indirect non-wholly owned subsidiary of the Company upon the Closing, the aforesaid services between Ant Bank (Macao) and the Ant Group will constitute continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules after the Closing. To ensure that such existing and future business cooperation between Ant Bank (Macao) and the Ant Group will comply with the requirements of the GEM Listing Rules with effect from the Closing, on February 8, 2024, the Company, Ant Bank (Macao) and Ant Technologies entered into the framework agreement (the “**ABM Framework Agreement**”) to set out the terms and conditions of the future business cooperation and resources sharing between Ant Bank (Macao) and the Ant Group subject to the Closing. For further details in relation to the Share Transfer, the Capital Increase, the Disposal and the possible continuing connected transactions in relation to the ABM Framework Agreement, please refer to the Announcement and the circular of the Company dated March 5, 2024.

The Share Transfer, the Capital Increase, the Disposal and the technical services contemplated under the ABM Framework Agreement (including the relevant annual caps) were duly approved by the independent Shareholders at the special general meeting of the Company held on March 27, 2024. However, the Closing is still subject to the fulfilment or waiver (as the case may be) of all the conditions precedent to the Closing (in particular, the approval of AMCM which is still pending as of the date hereof), and the ABM Framework Agreement is subject to the Closing having taken place. Accordingly, the Share Transfer, the Capital Increase, the Disposal and the ABM Framework Agreement may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at March 31, 2024, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange, were as follows:

a. Interests in Shares and restricted share units of the Company:

| Name of Director | Number of Shares/restricted share units held | | | Approximate percentage held (Note 1) |
|--------------------------------------------------|----------------------------------------------|---------------------------|---------------|-----------------------------------------|
| | Personal interest | Corporate interest | Total | |
| Mr. Sun Ho | 54,158,000 (Note 2) | 2,006,250,000 (Note 3) | 2,060,408,000 | 17.652% |
| Ms. Hu Taoye | 5,384,000 (Note 4) | – | 5,384,000 | 0.046% |
| Mr. Tung Pen Hung (Appointed on May 12, 2023) | – | – | – | 0% |
| Ms. Qin Yuehong (Appointed on May 12, 2023) | – | – | – | 0% |
| Mr. Ji Gang | – | – | – | 0% |
| Mr. Zou Liang | – | – | – | 0% |
| Mr. Chow Siu Lui | – | – | – | 0% |
| Mr. Feng Qing (Resigned on May 3, 2024) | 375,000 | – | 375,000 | 0.003% |
| Dr. Gao Jack Qunyao (Resigned on May 3, 2024) | 750,000 | – | 750,000 | 0.006% |

Notes:

1. Based on a total of 11,672,342,235 Shares in issue as at March 31, 2024.
2. It represents 46,158,000 Shares and 8,000,000 restricted share units (granted under the Share Award Scheme) beneficially held by Mr. Sun Ho.
3. These 2,006,250,000 Shares were held in the name of Maxprofit Global Inc. As Maxprofit Global Inc was beneficially and wholly-owned by Mr. Sun Ho, the chairman, executive Director & CEO of the Company, Mr. Sun was deemed to be interested in such Shares under the SFO.
4. It represents 288,000 Shares and 5,096,000 restricted share units (granted under the Share Award Scheme) beneficially held by Ms. Hu Taoye.

b. Long positions in shares and underlying shares of Alibaba Holding, an associated corporation of the Company within the meaning of Part XV of the SFO:

| Name of Director | Capacity | Number of shares/underlying shares held | | Approximate percentage of total issued share capital of Alibaba Holding (Note 2) |
|--------------------------------------------------|----------|--------------------------------------------------------------------------------------|----------------------------------------------------------------|----------------------------------------------------------------------------------|
| | | (in the number of American Depository Shares (“ADS(s)” of Alibaba Holding) (Note 1)) | (in the number of ordinary shares of Alibaba Holding) (Note 1) | |
| Ms. Hu Taoye | (Note 3) | 18,911 | 151,288 | 0.001% |
| Mr. Tung Pen Hung (Appointed on May 12, 2023) | (Note 4) | 79,676 | 637,408 | 0.003% |
| Ms. Qin Yuehong (Appointed on May 12, 2023) | (Note 5) | 51,500 | 412,000 | 0.002% |
| Mr. Ji Gang | (Note 6) | 10,235 | 81,880 | negligible |
| Mr. Zou Liang | (Note 7) | 2,749 | 21,992 | negligible |

Notes:

1. One ADS of Alibaba Holding represents eight ordinary shares of Alibaba Holding; and one restricted share unit (“RSU(s)”) of Alibaba Holding represents one ADS of Alibaba Holding.
2. Based on a total of 19,469,126,956 ordinary shares of Alibaba Holding in issue as at March 31, 2024.
3. The interest comprised 16,061 ADSs of Alibaba Holding and 2,850 RSUs of Alibaba Holding beneficially held by Ms. Hu Taoye.
4. The interest comprised 61,926 ADSs of Alibaba Holding and 17,750 RSUs of Alibaba Holding beneficially held by Mr. Tung Pen Hung.
5. The interest comprised 34,500 ADSs of Alibaba Holding and 17,000 RSUs of Alibaba Holding beneficially held by Ms. Qin Yuehong.
6. The interest comprised 8,628 ADSs of Alibaba Holding and 1,607 RSUs of Alibaba Holding beneficially held by Mr. Ji Gang.
7. The interest comprised 2,294 ADSs of Alibaba Holding and 455 RSUs of Alibaba Holding beneficially held by Mr. Zou Liang.

c. Long positions in shares and underlying shares of Alibaba Pictures Group Limited (“Ali Pictures”), an associated corporation of the Company within the meaning of Part XV of the SFO:

| Name of Director | Capacity | Number of shares/underlying shares of Ali Pictures held | Approximate percentage of total issued share capital of Ali Pictures (Note 1) |
|-------------------------|-----------------|----------------------------------------------------------------|------------------------------------------------------------------------------------------|
| Mr. Zou Liang | (Note 2) | 90,000 | negligible |

Notes:

1. Based on a total of 29,488,769,003 ordinary shares of Ali Pictures in issue as at March 31, 2024.
2. The interest comprised 90,000 ordinary shares of Ali Pictures beneficially held by Mr. Zou Liang.

Save as disclosed above, as at March 31, 2024, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at March 31, 2024, so far as was known to the Directors or chief executive of the Company, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares, underlying Shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to section 336 of the SFO:

| Name of Shareholder | Capacity | Number of Shares Held | Approximate percentage of total issued share capital of the Company (Note 1) |
|---------------------------------------------|------------------------------------|------------------------------|-----------------------------------------------------------------------------------------|
| Ali Fortune (Note 2) | Beneficial owner | 6,502,723,993 | 55.71% |
| Alibaba Investment Limited (Note 2) | Interest of controlled corporation | 6,502,723,993 | 55.71% |
| API Holdings Limited (Note 2) | Interest of controlled corporation | 6,502,723,993 | 55.71% |
| Alibaba Holding (Note 3) | Interest of controlled corporation | 6,502,723,993 | 55.71% |
| API (Hong Kong) Investment Limited (Note 4) | Interest of controlled corporation | 6,502,723,993 | 55.71% |

| Name of Shareholder | Capacity | Number of Shares Held | Approximate percentage of total issued share capital of the Company (Note 1) |
|---------------------------------------------------------------------------------------------------------------------------------|------------------------------------|-----------------------|---------------------------------------------------------------------------------|
| Shanghai Yunju Venture Capital Investment Co., Ltd. (formerly known as Shanghai Yunju Investment Management Co., Ltd.) (Note 5) | Interest of controlled corporation | 6,502,723,993 | 55.71% |
| Ant Holdco (Note 6) | Interest of controlled corporation | 6,502,723,993 | 55.71% |
| Maxprofit Global Inc. (Note 7) | Beneficial owner | 2,006,250,000 | 17.19% |
| Mr. Cheung Lup Kwan Vitor (Note 8) | Interest of controlled corporation | 584,515,224 | 5.01% |
| Rainwood Resources Limited (Note 8) | Beneficial owner | 584,515,224 | 5.01% |

Notes:

1. Based on a total of 11,672,342,235 Shares in issue as at March 31, 2024.
2. Alibaba Investment Limited (“**AIL**”) and API Holdings Limited (“**API Holdings**”) held 60% and 40% of the issued share capital of Ali Fortune, respectively.
3. Alibaba Holding held 100% of the issued share capital of AIL.
4. API (Hong Kong) Investment Limited held 100% of the issued share capital of API Holdings.
5. Shanghai Yunju Venture Capital Investment Co., Ltd. (formerly known as Shanghai Yunju Investment Management Co., Ltd.) (“**Shanghai Yunju**”) held 100% of the issued share capital of API (Hong Kong) Investment Limited.

6. Ant Holdco held 100% of the equity interests in Shanghai Yunju. Hangzhou Junhan Equity Investment Partnership (Limited Partnership)* (杭州君瀚股權投資合夥企業(有限合夥)) (“**Junhan**”) and Hangzhou Junao Equity Investment Partnership (Limited Partnership)* (杭州君澳股權投資合夥企業(有限合夥)) (“**Junao**”) held approximately 31% and 22% of Ant Holdco’s total issued shares, respectively. Hangzhou Xingtao Enterprise Management Consultancy Co., Ltd.* (杭州星滔企業管理諮詢有限公司) (“**Xingtao**”) was the executive partner and general partner of Junhan; Hangzhou Yunbo Investment Consultancy Co., Ltd.* (杭州雲鉞投資諮詢有限公司) (“**Yunbo**”) was the executive partner and general partner of Junao; and each of Xingtao and Yunbo was held by five individuals as to 20% each. The remaining issued shares in Ant Holdco were held as to approximately 33% by Taobao (China) Software Co., Ltd.* (淘寶(中國)軟件有限公司), an indirect wholly-owned subsidiary of Alibaba Holding, and as to approximately 14% by other minority shareholders.
7. As disclosed in the section headed “DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES” above, Mr. Sun Ho was deemed to be interested in these 2,006,250,000 Shares under the SFO by virtue of his interest in Maxprofit Global Inc.
8. Mr. Cheung Lup Kwan Vitor held a 52% equity interest in Rainwood Resources Limited. Therefore, Mr. Cheung Lup Kwan Vitor was deemed to be interested in these 584,515,224 Shares under the SFO.

Save as disclosed above, as at March 31, 2024, the Directors or chief executive of the Company were not aware of any other persons (not being a Director or chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares, underlying Shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to section 336 of the SFO.

INTERESTS OF OTHER PERSONS

As at March 31, 2024, apart from the interests in the Shares, underlying Shares and/or debentures of the Company and its associated corporations held by the Directors, chief executive and substantial shareholders of the Company stated above, there were no other persons with interests recorded in the register of the Company required to be kept under section 336 of the SFO.

INTERESTS IN COMPETING BUSINESS

Ali Fortune, the controlling shareholder of the Company, is indirectly owned as to 60% and 40% by Alibaba Holding and Ant Holdco respectively. Ant Holdco is indirectly held by Alibaba Holding as to approximately 33% of its equity interest and is therefore a “close associate” (as defined in the GEM Listing Rules) of Ali Fortune.

As of the date hereof, Ant Bank (Macao) is a joint venture company incorporated under the laws of Macau which is held as to 66.7% by two indirect wholly-owned subsidiaries of Ant Holdco and as to 33.3% by a 30% indirectly owned associated company of the Company.

Ant Bank (Macao) officially commenced operations in April 2019. It launched the Alipay (Macao) e-wallet payment service in Macau in September 2019. Two Directors, namely Mr. Sun Ho and Mr. Ji Gang, are also directors of Ant Bank (Macao).

Following completion of the acquisition of Macau Pass by the Group on March 24, 2022 (the “**Completion**”), Macau Pass has become an indirect wholly-owned subsidiary of the Company and will continue to provide electronic payment services including e-wallet payment service in Macau. Nevertheless, the Company does not regard Ant Bank (Macao) as a “competing business” operated by Ant Group against the Group because:

- (i) from the perspective of the Group, Ant Bank (Macao) is a joint venture company in which the Group also has an indirect equity interest and is entitled to indirectly share its financial results; and
- (ii) from the perspective of Macau Pass, Ant Bank (Macao) has been a business partner in respect of Macau Pass’ acquiring service business in Macau and the two companies have been continuing their business cooperation following Completion on terms and conditions consistent with their past practice.

Save as disclosed above, as at the date hereof, none of the Directors, controlling shareholders or their respective close associates had interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) currently comprises three independent non-executive Directors, namely, Mr. Chow Siu Lui, Mr. Chan Ka Leong (appointed on May 3, 2024) and Ms. Yuen Kit Ming Fanny (appointed on May 14, 2024). The Audit Committee is chaired by Mr. Chow Siu Lui. The Group’s audited consolidated financial statements of the Group for the 15-Month Period have been reviewed and commented on by the Audit Committee.

The figures of the Group’s consolidated profit or loss and other comprehensive income, consolidated statement of financial position and the related notes for the fifteen months ended March 31, 2024 as set out in this announcement have been agreed by the Company’s external auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s audited consolidated financial statements for the fifteen months ended March 31, 2024. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by PricewaterhouseCoopers on this announcement.

REQUIRED STANDARD OF DEALINGS REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings regarding securities transactions by Directors set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its code of conduct for dealings in securities of the Company by the Directors (the “**Code of Conduct**”). The Company had made specific enquiry with all Directors and was not aware of any non-compliance with the required standard of dealings set out in the Code of Conduct during the 15-Month Period.

CONTINUING CONNECTED TRANSACTIONS (“CCTs”)

During the fifteen months ended March 31, 2024, the Group conducted the following CCTs, details of which had been disclosed in compliance with the requirements of Chapter 20 of the GEM Listing Rules:

CCTs with Alibaba Group:

(a) 2021 LST Cooperation Agreement and 2023 LST Cooperation Agreement

On December 17, 2021, CLM and ZCLM, each being an indirect wholly-owned subsidiary of the Company, entered into a cooperation agreement (the “**2021 LST Cooperation Agreement**”) with Alibaba China, pursuant to which CLM and/or ZCLM shall cooperate with Alibaba China in relation to the sale of sports and/or welfare lottery products in the PRC via the retail shops (under the membership network of Alibaba China’s digital sourcing platform for retailers, i.e. “Lingshoutong” (零售通)) for a term of two years from January 1, 2022 to December 31, 2023. CLM and ZCLM shall be responsible for entering into agreements separately with various provincial China Sports Lottery Administration Centers and/or China Welfare Lottery Issuance and Administration Centers in the PRC (collectively, the “**Lottery Centers**”), and shall recommend to the Lottery Centers some retail shops (under the membership network of Lingshoutong), which shall meet the required standards of the Lottery Centers and shall be selected by Alibaba China to set up as lottery sales outlets (the “**Sales Outlets**”), to act as selling agents, or to provide services to CLM and/or ZCLM which act as selling agents, for the sale of sports and/or welfare lottery products in the PRC. Through the cooperation with the Sales Outlets, the Group was able to promote the sales of lottery products to more customers through Alibaba Group’s physical new retail distribution channel and networks, thereby broadening the source of revenue from the Group’s lottery distribution business.

The service fees payable by CLM and/or ZCLM to Alibaba China under the 2021 LST Cooperation Agreement shall be calculated as follows:

- (i) Where CLM and/or ZCLM act as selling agents by selling the lottery products through Sales Outlets and receives sales commission from Lottery Centers, service fees payable to Alibaba China = (sales commission receivable by CLM and/or ZCLM from Lottery Centers for the sale of lottery products (exclusive of taxes) – service fees payable to the Sales Outlets + incentive fee payable by Alibaba China to its business development personnel – other costs and expenses payable by CLM and/or ZCLM) x 50%.

The service fees payable to the Sales Outlets (which are not controlled or owned by the Alibaba Group) shall be determined on a case-by-case basis with reference to (i) where applicable, the recommendations made by the relevant Lottery Centers, and/or (ii) the mutual agreement between CLM/ZCLM and the Sales Outlets after arm's length negotiations and taking into consideration, among other things, the nature and quantity of the relevant sports and/or welfare lottery products to be sold and the specific scope of services to be provided by the Sales Outlets to CLM/ZCLM.

- (ii) Where Sales Outlets act as selling agents and CLM and/or ZCLM receive service fees (including but not limited to sales channel management fees and promotion fees) from Lottery Centers, service fees payable to Alibaba China = (service fees receivable by CLM and/or ZCLM from Lottery Centers (exclusive of taxes) + incentive fee payable by Alibaba China to its business development personnel – other costs and expenses payable by CLM and/or ZCLM) x 50%.

The incentive fee payable by Alibaba China to its business development personnel for expansion of sales channels shall be calculated at an amount not exceeding RMB200 per Sales Outlet. Specific incentive schemes (including but not limited to the amount of incentive fee and the time of payment) shall be mutually agreed by CLM/ZCLM and Alibaba China, depending on the actual circumstances of each province.

The above-mentioned net revenue sharing ratios on a 50:50 basis in calculating the service fees payable by CLM and/or ZCLM to Alibaba China under the 2021 LST Cooperation Agreement were determined with reference to (1) the revenue-sharing model that was previously adopted between a similar platform of Alibaba Group and its other business partners who were independent third parties; and (2) the scale of potential customers that can be reached by utilizing the channels and networks of Alibaba Group and its expected traffic volume.

The annual caps for the aggregate service fees payable by the Group to Alibaba China (the “**Fee Split**”) with respect to the transactions for the years ended December 31, 2022 and 2023 were fixed at HK\$4.5 million and HK\$5.2 million, respectively. The annual caps relating to the transactions were determined with reference to the following principal factors: (1) the historical amounts of the Fee Split with respect to the transactions relating to the provision of services for sale of sports/welfare lottery products under the previous cooperation agreement dated December 13, 2019 (details of which were disclosed in the announcement of the Company dated November 16, 2021) (the “**2020/21 Transactions**”) for the year ended December 31, 2020 and the eleven months ended November 30, 2021, being approximately HK\$2.0 million and approximately HK\$2.9 million, respectively; (2) the projected Fee Split relating to the 2020/21 Transactions for the month of December 2021 of approximately HK\$0.4 million; (3) the projected annual growth rate of the Fee Split relating to the 2020/21 Transactions for the year ended December 31, 2021 (the “**2021 Growth Rate**”) as compared to the year ended December 31, 2020, after taking out the months of January to June in both 2020 and 2021 in the comparison to avoid the distortion by the anomalous effects of the COVID-19 pandemic present primarily in the first half of 2020 in the PRC lottery market; and (4) the projected annual growth rates of the Fee Split relating to the transactions under the 2021 LST Cooperation Agreement for the two years ended December 31, 2022 and 2023, with the growth rate for 2022 assumed to remain relatively stable with only a modest increment over the 2021 Growth Rate; whereas the growth rate for 2023 was assumed to rise at a lower rate.

However, as announced by the Company on December 8, 2023, in view of the expected increase in demand of the transactions under the 2021 LST Cooperation Agreement for the remaining two-month period during the 12 months ended December 31, 2023 and the expected higher aggregate amounts of service fees payable by the Group to Alibaba China for such transactions than the level envisaged at the time when the parties entered into the 2021 LST Cooperation Agreement, the Company subsequently revised the annual cap for the year ended December 31, 2023 upwards from HK\$5,200,000 to HK\$6,000,000 with reference to (1) the historical aggregate amounts of service fees paid by the Group to Alibaba China with respect to the transactions contemplated under the 2021 LST Cooperation Agreement for the year ended December 31, 2022 and the ten months ended October 31, 2023, respectively; and (2) the expected demand of the transactions under the 2021 LST Cooperation Agreement for the remaining two-month period during the 12 months ended December 31, 2023.

Ali Fortune, the controlling shareholder of the Company, is indirectly held as to 60% by Alibaba Holding. Alibaba China, being an indirect wholly-owned subsidiary of Alibaba Holding, is accordingly an associate of Ali Fortune and a connected person of the Company. The transactions contemplated under the 2021 LST Cooperation Agreement thus constitute CCTs for the Company under Chapter 20 of the GEM Listing Rules.

As one or more applicable percentage ratios with respect to the highest annual cap for the transactions contemplated under the 2021 LST Cooperation Agreement are more than 0.1% but all of them are less than 5%, the transactions contemplated under the 2021 LST Cooperation 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. Further details of the continuing connected transactions contemplated under the 2021 LST Cooperation Agreement are set out in the announcements of the Company dated December 17, 2021 and December 8, 2023.

On December 21, 2023, CLM and ZCLM entered into a cooperation agreement (the "**2023 LST Cooperation Agreement**") with Alibaba China and Shanghai Caicai to renew the CCTs under the 2021 LST Cooperation Agreement dated December 17, 2021 which expired on December 31, 2023. Pursuant to the 2023 LST Cooperation Agreement, CLM and/or ZCLM shall cooperate with Alibaba China and Shanghai Caicai in relation to the sale of sports and/or welfare lottery products in the PRC via physical retail shops (which mainly refers to: (i) retail shops under the retail network of Lingshoutong (零售通) (a digital sourcing platform for retailers) of Alibaba China and other retail shops installed with Ruyi POS machines (including those retail shops under the retail network of Lingshoutong set up prior to the date of the 2023 LST Cooperation Agreement from the previous cooperation between CLM/ZCLM and Alibaba China); and (ii) physical pickup stores of Taobao Grocery Group (淘寶買菜團點) of Shanghai Caicai (a community E-commerce platform) and its affiliates (including those physical pickup stores under the network of Taobao Grocery Group set up prior to the date of the 2023 LST Cooperation Agreement from the previous cooperation between CLM/ZCLM and Shanghai Caicai)) for a term from January 1, 2024 to March 31, 2026.

The 2023 LST Cooperation Agreement enables the Group to continue to promote the sales of sports and welfare lottery products to more customers through Alibaba Group's physical retail distribution channel and networks, thereby maintaining a stable source of revenue from the Group's lottery distribution business.

CLM and ZCLM shall be responsible for entering into agreements separately with various provincial China Sports Lottery Administration Centers and/or China Welfare Lottery Issuance and Administration Centers in the PRC (i.e. the Lottery Centers), and shall recommend to the Lottery Centers some retail shops, which shall meet the required standards of the Lottery Centers and shall be selected by Alibaba China, Shanghai Caicai and its affiliates to set up as lottery sales outlets, to act as selling agents, or to provide services to CLM and/or ZCLM which act as selling agents, for the sale of sports and/or welfare lottery products in the PRC. Where a retail shop acts as a selling agent, a separate agreement will be entered into between the retail shop and China Sports Lottery Administration Center or China Welfare Lottery Issuance and Administration Center in the PRC.

- (i) Where CLM and/or ZCLM acts as selling agents and receives sales commission from the Lottery Centers, service fees payable to Alibaba China or Shanghai Caicai (as the case may be) = (sales commission receivable by CLM and/or ZCLM from Lottery Centers for the sale of lottery products (exclusive of taxes) with respect to the retail shops under the retail network of Alibaba China or Shanghai Caicai (as the case may be) – service fees payable to such shops + incentive fee payable by Alibaba China or Shanghai Caicai (as the case may be) to its business development personnel – other costs and expenses payable by CLM and/or ZCLM) x 50%
- (ii) Where the retail shops under the retail network of Alibaba China or Shanghai Caicai (as the case may be) act as selling agents and CLM and/or ZCLM receive service fees (including but not limited to sales channel management fees and promotion fees) from the Lottery Centers, service fees payable to Alibaba China or Shanghai Caicai (as the case may be) = (service fees receivable by CLM and/or ZCLM from Lottery Centers (exclusive of taxes) with respect to the retail shops under the retail network of Alibaba China or Shanghai Caicai (as the case may be) + incentive fee payable by Alibaba China or Shanghai Caicai (as the case may be) to its business development personnel – other costs and expenses payable by CLM and/or ZCLM) x 50%

The Company expects that the maximum aggregate fees payable by the Group to Alibaba China and Shanghai Caicai under the 2023 LST Cooperation Agreement will not be more than HK\$2,000,000 for the three months ended March 31, 2024, HK\$9,000,000 for the year ending March 31, 2025 and HK\$12,000,000 for the year ending March 31, 2026. These annual caps were determined with reference to: (i) the historical aggregate amounts of service fees paid by the Group to Alibaba China with respect to the transactions contemplated under the 2021 LST Cooperation Agreement for the year ended December 31, 2022 and the 11 months ended November 30, 2023; and (ii) the projected aggregate amounts of service fees payable by the Group to Alibaba China and/or Shanghai Caicai for the term of the 2023 LST Cooperation Agreement.

Each of Alibaba China and Shanghai Caicai, being an indirect wholly-owned subsidiary of Alibaba Holding, is an associate of Ali Fortune and a connected person of the Company. Therefore, the entering into of the 2023 LST Cooperation Agreement and the transactions contemplated thereunder constitute CCTs for the Company under Chapter 20 of the GEM Listing Rules.

As one or more of the applicable percentage ratios in respect of the highest annual cap for the transactions contemplated under the 2023 LST Cooperation Agreement are more than 0.1% but all of them are less than 5%, the entering into of the 2023 LST Cooperation Agreement and the transactions contemplated thereunder 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. Further details of the CCTs contemplated under the 2023 LST Cooperation Agreement are set out in the announcement of the Company dated December 21, 2023.

Due to the business restructuring of the Alibaba Group, the lottery sales outlets previously set up within the retail shops under the membership network of Alibaba China’s digital sourcing platform for retailers, Lingshoutong, and Shanghai Caicai, have now been directly and solely operated by CLM or ZCLM starting from March 2024. There will be no more fee split between the Group and each of Lingshoutong and Shanghai Caicai with respect to those lottery sales outlets. The retail shops continue their sales of lottery products pursuant to the service agreements between the retail shops and CLM or ZCLM. As the aforesaid retail shops are not controlled or owned by the Alibaba Group and are third parties independent of the Company or its connected persons, the cooperation between such shops and the Group for the sale of lottery products in the PRC going forward will cease to be CCTs for the Company under Chapter 20 of the GEM Listing Rules.

(b) 2022 Technology Services Framework Agreement

On December 29, 2022, Beijing AGTech, being a wholly-owned subsidiary of the Company, entered into a technology services framework agreement (the “**2022 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 and resources (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 for a term from January 1, 2023 to December 31, 2024.

Prior to entering into the 2022 Technology Services Framework Agreement, the Group had purchased technology services and resources of the same nature as the aforesaid ones 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 “**2019 Technology Services Framework Agreement**”) which expired on December 31, 2022. The Group renewed the procurement of the aforesaid technology services and resources from Alibaba Cloud and its subsidiaries and/or affiliates by way of the 2022 Technology Services Framework Agreement, reflecting the Group’s strategy of utilising a range of technology services and resources to enhance its product and service offerings so as to improve the user experiences of its customers.

The Company expected that the maximum aggregate fees payable to Alibaba Cloud and its subsidiaries and/or affiliates by the Group under the 2022 Technology Services Framework Agreement would not be more than HK\$4,200,000 for the year ended December 31, 2023 and HK\$6,500,000 for the year ending December 31, 2024. These annual caps were estimated primarily 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 2019 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 above-mentioned technology services and resources during the term of the 2022 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 was expected that, as a result of the Group's business growth and launch of new initiatives during the term of the 2022 Technology Services Framework Agreement (especially due to the Group's electronic payment business in Macau), the demand for the aforesaid technology services and resources would increase and would lead to an increase in the annual caps as compared to the historical amounts.

However, as announced by the Company on December 8, 2023, in view of the expected increase in demand of the Group for the technology services under the 2022 Technology Services Framework Agreement for the remaining two-month period during the 12 months ended December 31, 2023 and the expected higher aggregate amount of service fees payable to Alibaba Cloud and its subsidiaries and/or affiliates by the Group for such services than the level envisaged at the time when the parties entered into the 2022 Technology Services Framework Agreement, the Company subsequently revised the annual cap for the year ended December 31, 2023 upwards from HK\$4,200,000 to HK\$5,000,000 with reference to (i) the expected demand of the Group for the technology services under the 2022 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 2022 Technology Services Framework Agreement from January 1, 2023 to October 31, 2023.

Ali Fortune, the controlling shareholder of the Company, 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 2022 Technology Services Framework Agreement thus constitute CCTS for 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 2022 Technology Services Framework Agreement are more than 0.1% but all of them are less than 5%, the transactions contemplated under the 2022 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. Further details of the CCTs contemplated under the 2022 Technology Services Framework Agreement are set out in the announcement of the Company dated December 29, 2022 and December 8, 2023.

CCTs with Ant Group:

Ali Fortune, the controlling shareholder of the Company, is indirectly held as to 60% by Alibaba Holding and as to 40% by Ant Holdco. Ant Holdco is indirectly held by Alibaba Holding as to approximately 33% of its equity interest. Alipay is a direct wholly-owned subsidiary, and Alipay Singapore is an indirect wholly-owned subsidiary, of Ant Holdco. Ant Bank (Macao) is an indirect 66.7%-owned subsidiary of Ant Holdco and its other 33.3% equity interest is held by a 30% indirectly owned associated company of the Company. Ant Holdco and the Alipay Entities are associates of Alibaba Holding and hence members of the Alipay Entities Group are connected persons of the Company under the GEM Listing Rules.

Members of the Macau Pass Group (including Macau Pass) are indirect wholly-owned subsidiaries of the Company. Accordingly, any continuing transactions between the Macau Pass Group (including Macau Pass) and the Alipay Entities Group constitute CCTs for the Company under Chapter 20 of the GEM Listing Rules.

(a) 2021 MP Acquiring Service Framework Agreement and 2023 MP Acquiring Service Framework Agreement

Macau Pass provides acquiring services to merchants enabling them to accept different payment methods of other payment service providers such as the "Alipay" e-wallet, the "AlipayHK" e-wallet and Ant Bank (Macao)'s "Alipay (Macao)" e-wallet (collectively, the "**Alipay E-Wallets**") operated by the Alipay Entities and/or their affiliate(s), such that their customers may choose their preferred payment platforms at checkout. Macau Pass receives commission income from the merchants for processing payment of the transactions and pays a portion of such commission as service fees (the "**MP Acquiring Service Fees**") to the other payment service providers such as the Alipay Entities. On September 10, 2021, the Company entered into a framework agreement (the "**2021 MP Acquiring Service Framework Agreement**") with the Alipay Entities to set out the terms and conditions of the business cooperation (in respect of Macau Pass' acquiring services) between Macau Pass and the Alipay Entities with effect from March 24, 2022 (being the effective date of such agreement) until December 31, 2023.

Given the increasing usage of digital payment by customers in Macau with Alipay E-Wallets operated by the Alipay Entities being a popular payment option, the entering into of the 2021 MP Acquiring Service Framework Agreement enabled the Group (including Macau Pass) to continue its business relationships with the Alipay Entities in compliance with the GEM Listing Rules with effect from March 24, 2022.

The pricing for the MP Acquiring Service Fees payable by Macau Pass to the Alipay Entities under the 2021 MP Acquiring Service Framework Agreement shall be within the normal range of such fees payable by Macau Pass in respect of its acquiring services to other third party payment service providers independent of Macau Pass and its connected persons (which was in the region of 0.5% to 1.8% of the transaction value for processing payment of the transactions at the date of the 2021 MP Acquiring Service Framework Agreement). The 2021 MP Acquiring Service Framework Agreement is subject to the maximum amounts of MP Acquiring Service Fees payable by Macau Pass to the Alipay Entities thereunder of HK\$95,000,000 for the year ended December 31, 2022 and HK\$100,000,000 for the year ended December 31, 2023 respectively. The aforesaid annual caps were determined mainly with reference to the projected amounts of payment transactions processed through the acquiring services provided by Macau Pass for the Alipay Entities which were estimated after taking into account factors including (i) the historical figures of the number and value of the online and offline transactions processed through the acquiring services provided by Macau Pass to merchants for accepting the Alipay E-Wallets during the three years ended December 31, 2018, 2019 and 2020 and the six months ended June 30, 2021; (ii) the service fee rates charged by the Alipay Entities to Macau Pass; (iii) the estimated growth in the number and value of the transactions processed through the acquiring services provided by Macau Pass to merchants for accepting the Alipay E-Wallets in light of the resumption of tourists activities in Macau as the COVID-19 pandemic had been kept under control in the city; the expansion of its network of merchants by Macau Pass in Macau; the increase in per capita consumption of mainland Chinese tourists in Macau; and the competition of acquiring services provided by other acquirers and banks in Macau.

As the aforesaid annual caps in respect of the MP Acquiring Service Fees exceed 5% of the relevant applicable percentage ratios and HK\$10 million per annum, the 2021 MP Acquiring Service Framework Agreement and the transactions contemplated thereunder (including the relevant annual caps) are subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. The 2021 MP Acquiring Service Framework Agreement and the transactions contemplated thereunder (including the relevant annual caps) were duly approved by the independent Shareholders at the special general meeting of the Company held on November 18, 2021. Further details of the 2021 MP Acquiring Service Framework Agreement are set out in the circular of the Company dated October 29, 2021.

On October 27, 2023, the Company entered into a framework agreement (the “**2023 MP Acquiring Service Framework Agreement**”) with the Alipay Entities to renew the CCTs under the 2021 MP Acquiring Service Framework Agreement dated September 10, 2021 which expired on December 31, 2023. Pursuant to the 2023 MP Acquiring Service Framework Agreement, (i) the operating entities of the Alipay Entities and the Group shall carry out their business cooperation in accordance with the specific execution agreements under such cooperation; (ii) Macau Pass shall provide acquiring service to the merchants (the “**MP Merchants**”) via Macau Pass’ payment terminals, merchant QR code or online payment gateway, enabling the MP Merchants to accept different third party payment platforms, including but not limited to the E-Wallets; and (iii) the Alipay Entities shall provide the services of processing, authorization and settlement of payments made by users via the E-Wallets, for a term from January 1, 2024 to March 31, 2026.

Given the increasing usage of digital payment by customers of the Group in Macau with the E-Wallets operated by the Alipay Entities or the Alipay+ Solution partners being a popular payment option, the entering into of the 2023 MP Acquiring Service Framework Agreement will enable the Group to continue its business relationships with the Alipay Entities and the Alipay+ Solution partners’ e-wallets.

It was anticipated that the pricing range for the MP Acquiring Service Fees payable by Macau Pass to the Alipay Entities Group (including their respective affiliates) under the 2023 MP Acquiring Service Framework Agreement shall be within the region from 0.2% to 3% of the transaction value processed. The Company expected that the maximum aggregate fees payable by Macau Pass to the Alipay Entities Group under the 2023 MP Acquiring Service Framework Agreement would not be more than HK\$20,000,000 for the three months ended March 31, 2024, HK\$86,000,000 for the year ending March 31, 2025 and HK\$100,000,000 for the year ending March 31, 2026. These annual caps were estimated primarily with reference to the projected amounts of payment transactions processed through the acquiring service provided by Macau Pass for the Alipay Entities Group which were estimated after taking into account factors including: (i) the historical figures of the number and value of the online and offline transactions processed through the acquiring service provided by Macau Pass to merchants for accepting the E-Wallets during the two years ended December 31, 2021 and 2022 and the nine months ended September 30, 2023; (ii) the service fee rates charged by the Alipay Entities Group to Macau Pass; and (iii) the estimated growth in the number and value of the transactions processed through the acquiring service provided by Macau Pass to merchants for accepting the E-Wallets in light of (a) the resumption of tourists activities in Macau after the release of the control measures for the COVID-19 pandemic; (b) the expansion of its network of merchants by Macau Pass in Macau; (c) the increase in per capita consumption of Chinese Mainland tourists in Macau; (d) the expansion of Macau Pass’ payment ecosystem to accept payments via cross-border E-Wallets in Macau; and (e) the competition of acquiring service provided by other acquirers and banks in Macau.

As mentioned above, members of the Alipay Entities Group are connected persons of the Company, and therefore the 2023 MP Acquiring Service Framework Agreement and the transactions contemplated thereunder between the Group and the Alipay Entities Group constitute CCTs for the Company under Chapter 20 of the GEM Listing Rules.

As one or more of the applicable percentage ratios in respect of the highest annual cap of the MP Acquiring Service Fees payable by Macau Pass to the Alipay Entities Group (including their respective affiliates) under the 2023 MP Acquiring Service Framework Agreement exceed 5%, the 2023 MP Acquiring Service Framework Agreement and the transactions contemplated thereunder (including the relevant annual caps) are subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. The 2023 MP Acquiring Service Framework Agreement and the transactions contemplated thereunder (including the relevant annual caps) were duly approved by the independent Shareholders at the special general meeting of the Company held on December 18, 2023. Further details of the CCTS contemplated under the 2023 MP Acquiring Service Framework Agreement and a supplemental agreement to the 2023 MP Acquiring Service Framework Agreement are set out in the announcements of the Company dated October 27, 2023 and November 10, 2023 and the circular of the Company dated November 27, 2023.

(b) 2022 MP Payment and Related Services Framework Agreement and 2023 MP Payment and Related Services Framework Agreement

On July 13, 2022, the Company entered into a framework agreement (the “**2022 MP Payment and Related Services Framework Agreement**”) with the Alipay Entities, pursuant to which the Company and the Alipay Entities may from time to time enter into or procure their respective subsidiaries and/or affiliated companies to enter into specific execution agreements for the provision to each other of the services specified in the 2022 MP Payment and Related Services Framework Agreement (subject to the approval of the relevant regulatory authorities) for a term commencing from July 13, 2022 to December 31, 2023. Set out below are those services specified in the 2022 MP Payment and Related Services Framework Agreement which are subject to the reporting, announcement and annual review requirements under Chapter 20 of the GEM Listing Rules:

(i) MP Payment Related Services I

Macau Pass shall provide clearing and settlement services to the Alipay Entities Group via acquiring platforms of Alipay Entities outside Macau (including but not limited to Macau Pass participating as a business partner of Alipay+ Solution for online or offline business scenarios) (the “**Alipay Acquiring Services**”) and foreign exchange settlement services related to its acquiring business in Macau to the Alipay Entities Group (the “**MP Acquiring Business Foreign Exchange Settlement Services**”, together with the Alipay Acquiring Services, are referred to as the “**MP Payment Related Services I**” hereinafter).

The pricing basis of the service fees in respect of the Alipay Acquiring Services payable by the Alipay Entities Group to Macau Pass shall be within the range of 0.1% to 1.8% of the transaction amount, which are determined based on a number of factors, including but not limited to the countries, regions, industries of merchants involved in the cross-border transactions, the monthly transaction volume and whether the transaction is conducted online or offline, and shall be within the normal range of service fees payable by the Alipay Entities Group to other independent third party payment service providers.

The pricing basis of the service fees in respect of the MP Acquiring Business Foreign Exchange Settlement Services payable by the Alipay Entities Group to Macau Pass shall be within the range of 0.1% to 0.6% of the transaction amount, which are determined based on the actual business situation and shall be within the normal range of service fees payable by the Alipay Entities Group to other independent third party payment service providers.

The annual caps of service fees payable by the Alipay Entities Group to Macau Pass under the 2022 MP Payment and Related Services Framework Agreement are HK\$11,250,000 for the period from March 24, 2022 (being the date when Macau Pass became an indirect wholly-owned subsidiary of the Company) to December 31, 2022 and HK\$12,300,000 for the year ended December 31, 2023 respectively in respect of the MP Payment Related Services I.

The above annual caps of the service fees in respect of the MP Payment Related Services I were determined primarily with reference to the expected demand of the Alipay Entities Group for such services during the term of the 2022 MP Payment and Related Services Framework Agreement; the rates of service fees charged by Macau Pass; and certain buffer for additional services that may be required by the Alipay Entities Group.

(ii) Referral Services I

Macau Pass shall provide users referral services to the Alipay Entities Group (including referral of individual customers and merchants) via online or offline channels, including but not limited to referring MPay users to open, authenticate and link new account at Ant Bank (Macao) via MPay, and purchase or enter into deposits, loans or other financial products or services provided by Ant Bank (Macao) (collectively, the “**Referral Services I**”).

The service fee payable by the Alipay Entities Group to Macau Pass for successful account opening at Ant Bank (Macao) shall be in the range of MOP50 to MOP300 for each new account of Ant Bank (Macao) opened via the referral by Macau Pass. Where a user referred by Macau Pass has successfully purchased or entered into deposits, loans or other financial products or services provided by Ant Bank (Macao), the pricing basis of the fees payable by the Alipay Entities Group to Macau Pass for the Referral Services I are determined based on the terms of the relevant specific execution agreements between the parties, the scope of the services, the scale and costs of the events or cooperation, which shall be within the range of 0.1% to 0.25% of the transaction amount as fund withdrawal handling fees for such services and shall be within the normal range of service fees chargeable by Macau Pass to other independent third party banks.

The annual caps of service fees payable by the Alipay Entities Group to Macau Pass under the 2022 MP Payment and Related Services Framework Agreement were HK\$1,750,000 for the period from July 13, 2022 (being the date of the aforesaid agreement) to December 31, 2022 and HK\$7,280,000 for the year ended December 31, 2023 respectively in respect of the Referral Services I.

The above annual caps of the service fees in respect of the Referral Services I were determined primarily with reference to the estimated number of users that may be referred to Ant Bank (Macao) by Macau Pass who would successfully open an account with Ant Bank (Macao) or purchase or enter into deposits, loans or other financial products or services provided by Ant Bank (Macao) during the term of the 2022 MP Payment and Related Services Framework Agreement; the rates of service fees charged by Macau Pass; and the estimated average amount of deposit that each referred user would place in the account opened at Ant Bank (Macao).

(iii) Alipay Technical Services I

The Alipay Entities Group shall provide payment-related technical services and resources, including the supply of payment-related technical infrastructure and hardware and software resources to Macau Pass, and other technical services and support required by Macau Pass or other members of the Group for their business needs and operation (collectively, the “**Alipay Technical Services I**”).

At the time of entering into the 2022 MP Payment and Related Services Framework Agreement, the proposed annual caps of the service fees payable by the Group to the Alipay Entities Group in respect of the Alipay Technical Services I during the term of the 2022 MP Payment and Related Services Framework Agreement were less than HK\$3 million and below the de minimis threshold, and were exempt from the disclosure and independent shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules.

However, as announced by the Company on May 10, 2023, in view of the expected demand of the Group for the Alipay Technical Services I specified under the 2022 MP Payment and Related Services Framework Agreement for the remaining eight-month period during the year ended December 31, 2023 and the expected higher aggregate amount of service fees payable by the Group to the Alipay Entities Group for the Alipay Technical Services I than the level envisaged at the time when the parties entered into the 2022 MP Payment and Related Services Framework Agreement, the Company subsequently revised the annual cap for the Alipay Technical Services I under the 2022 MP Payment and Related Services Framework Agreement for the year ended December 31, 2023 upwards from less than HK\$3,000,000 to HK\$5,400,000. The revision of the annual cap for the Alipay Technical Services I would enable the Group to obtain the high-quality technical services from the Alipay Entities Group to meet the needs of the Group's electronic payment business in Macau.

The pricing basis of the service fees for the Alipay Technical Services I payable by the Group to the Alipay Entities Group was determined based on the pricing policy published by the Alipay Entities on their official websites from time to time. The pricing of the Alipay Technical Services I by the Alipay Entities Group would make reference to the pricing policy of the then existing similar services and may be subject to adjustments according to the forecasted aggregate volume of services to be purchased by the Group plus an adjustable discount to be offered by the Alipay Entities Group according to the volume of services to be purchased by the Group (e.g. a deeper discount for the total service fees for the Alipay Technical Services I may be given when the volume of services purchased by the Group increases). The service fees in respect of the technical services and support services provided by Alipay+ Solution in relation to Macau Pass being the payment institution partner of Alipay+ Solution shall be within the range of 0.1% to 0.4% of the transaction amount and shall be within the normal range of service fees chargeable by the Alipay Entities to other independent third party payment institution partners.

The above revised annual cap of the service fees for the Alipay Technical Services I for the year ended December 31, 2023 was determined with reference to (i) the expected demand of the Group for the Alipay Technical Services I under the 2022 MP Payment and Related Services Framework Agreement and the relevant services fees payable by the Group to the Alipay Entities Group for the remaining eight-month period during the year ended December 31, 2023; and (ii) the historical volume of the Alipay Technical Services I purchased by the Group and the service fees paid by the Group to the Alipay Entities Group for the Alipay Technical Services I under the 2022 MP Payment and Related Services Framework Agreement from July 13, 2022 to April 30, 2023.

As one or more applicable percentage ratios with respect to the highest annual cap of the service fees (i) payable by the Alipay Entities Group to the Group for each of the MP Payment Related Services I (which is inclusive of the services fees payable under the prior agreements in relation to the MP Acquiring Business Foreign Exchange Settlement Services) and the Referral Services I, and (ii) payable by the Group to the Alipay Entities Group for the Alipay Technical Services I under the 2022 MP Payment and Related Services Framework Agreement are more than 0.1% but all of them are less than 5%, the transactions contemplated under the 2022 MP Payment and Related Services Framework Agreement with respect to the above services 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.

The Board considered that the transactions under the 2022 MP Payment and Related Services Framework Agreement would foster closer cooperation between the Group (in particular, Macau Pass) and the Alipay Entities Group in respect of the Group's business in Macau and Macau Pass' cross-border payment business outside Macau or in the Guangdong-Hong Kong-Macau Greater Bay Area, thereby enhancing the source of revenue of the Group. For details of these CCTs, please refer to the announcement of the Company dated July 13, 2022 and May 10, 2023.

On December 21, 2023, the Company entered into a framework agreement (the "**2023 MP Payment and Related Services Framework Agreement**") with the Alipay Entities to renew the CCTs under the 2022 MP Payment and Related Services Framework Agreement dated July 13, 2022 which expired on December 31, 2023. Pursuant to the 2023 MP Payment and Related Services Framework Agreement, the Company and the Alipay Entities may from time to time enter into or procure their respective subsidiaries and/or affiliated companies to enter into specific execution agreements for the provision to each other of the payment and related services specified in the 2023 MP Payment and Related Services Framework Agreement for a term commencing from January 1, 2024 to March 31, 2026.

The Board considered that the transactions contemplated under the 2023 MP Payment and Related Services Framework Agreement would foster closer cooperation between the Group (in particular, Macau Pass) and the Alipay Entities in respect of the Group's business in Macau and Macau Pass' cross-border payment business outside Macau or in the Guangdong-Hong Kong-Macau Greater Bay Area, thereby enhancing the source of revenue of the Group.

The Company expected that the maximum aggregate fees payable to the Alipay Entities Group by the Group for payment-related technical services (the “**Alipay Technical Services II**”) specified under the 2023 MP Payment and Related Services Framework Agreement would not be more than HK\$1,400,000 for the three months ended March 31, 2024, HK\$6,100,000 for the year ending March 31, 2025 and HK\$7,300,000 for the year ending March 31, 2026. These annual caps were determined primarily with reference to: (i) the expected demand of the Group for the services provided by the Alipay Entities Group under the 2023 MP Payment and Related Services Framework Agreement and the relevant service fees payable by the Group to the Alipay Entities Group during the term of the 2023 MP Payment and Related Services Framework Agreement; (ii) the historical volume of services provided by the Alipay Entities Group purchased by the Group and the service fees paid by the Group to the Alipay Entities Group for such services under the 2022 MP Payment and Related Services Framework Agreement during the period from July 13, 2022 to November 30, 2023; and (iii) certain buffer for additional services that may be required by the Group. The pricing basis of the service fees for the Alipay Technical Services II payable by the Group to the Alipay Entities Group is determined based on the pricing policy published by the Alipay Entities Group on their official websites from time to time, and may be adjusted downwards by a discount offered by the Alipay Entities Group according to the volume of services to be purchased by the Group. For technical services and support services provided by Alipay+ Solution in relation to Macau Pass being the payment institution partner of Alipay+ Solution, the pricing of the service fees for the relevant Alipay Technical Services II shall be within the range of 0.1% to 0.4% of the transaction amount.

The Company expected that the maximum aggregate fees payable to the Group by the Alipay Entities Group for the Macau Pass’ clearing and settlement services (with the pricing of service fees within the range of 0.1% to 3% of the transaction amount) and foreign exchange settlement services (with the pricing of service fees within the range of 0.1% to 0.6% of the transaction amount) (collectively, the “**MP Payment Related Services II**”) specified under the 2023 MP Payment and Related Services Framework Agreement would not be more than HK\$2,800,000 for the three months ended March 31, 2024, HK\$13,800,000 for the year ending March 31, 2025 and HK\$16,600,000 for the year ending March 31, 2026. These annual caps were determined primarily with reference to: (i) the expected demand of the Alipay Entities Group for the aforesaid Macau Pass’ services during the term of the 2023 MP Payment and Related Services Framework Agreement; (ii) the historical volume of the aforesaid services demanded by the Alipay Entities Group and the service fees paid by the Alipay Entities Group to the Group for such services under the 2022 MP Payment and Related Services Framework Agreement during the period from March 24, 2022 to November 30, 2023; (iii) the rates of service fees charged by Macau Pass; (iv) certain buffer for additional services that may be required by the Alipay Entities Group; and (v) the expected increase in the revenue of the provision of the aforesaid services due to the recovery of Macau’s economy and the Company’s optimistic view on the cross-border payment services offered by Macau Pass through the newly launched payment service partnered with Alipay+ Solution that (a) would allow Macau residents, being users of MPay (i.e. the e-wallet operated by Macau Pass) with real name authentication, to use MPay in Chinese Mainland and Hong Kong; and (b) would expand the coverage of the cross-border payment business of MPay to overseas countries and online scenarios.

The Company expected that the maximum aggregate fees payable to the Group by the Alipay Entities Group for Macau Pass' provision of users referral services (the "**Referral Services II**") to the Alipay Entities specified under the 2023 MP Payment and Related Services Framework Agreement (with the pricing of service fees within the range of 0.0005% to 2% of the transaction amount, or within the rate from 10% to 50% of the net profit received by Alipay Entities/Ant Bank (Macao), or with reference to the existing advertising and promotional fees chargeable by Macau Pass to other independent third party banks) would not be more than HK\$200,000 for the three months ended March 31, 2024, HK\$7,400,000 for the year ending March 31, 2025 and HK\$8,900,000 for the year ending March 31, 2026. These annual caps were determined primarily with reference to: (i) the estimated number of users or merchants that may be referred to the Alipay Entities (including Ant Bank (Macao)) by Macau Pass who would successfully open an account with Ant Bank (Macao) or purchase or enter into deposits, loans or other financial products or services provided by the Alipay Entities (including Ant Bank (Macao)) during the term of the 2023 MP Payment and Related Services Framework Agreement; (ii) the historical figures of the transaction amounts in respect of the aforesaid services during the period from July 13, 2022 to November 30, 2023; (iii) the rates of service fees charged by Macau Pass; and (iv) the estimated average amount of deposit that each referred user would place in the account opened at Ant Bank (Macao).

As mentioned above, members of the Alipay Entities Group are connected persons of the Company. The transactions between the Group and the Alipay Entities Group contemplated under the 2023 MP Payment and Related Services Framework Agreement thus constitute CCTs for the Company under Chapter 20 of the GEM Listing Rules.

As one or more applicable percentage ratios with respect to (i) the highest annual cap of the service fees payable by the Group to the Alipay Entities Group for the Alipay Technical Services II under the 2023 MP Payment and Related Services Framework Agreement are more than 0.1% but all of them are less than 5%; and (ii) the highest annual cap of the service fees payable by the Alipay Entities Group to the Group for each of the MP Payment Related Services II and the Referral Services II under the 2023 MP Payment and Related Services Framework Agreement are more than 0.1% but all of them are less than 5%, the transactions contemplated under the 2023 MP Payment and Related Services Framework Agreement (including the relevant annual caps) 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. Further details of the CCTs contemplated under the 2023 MP Payment and Related Services Framework Agreement are set out in the announcement of the Company dated December 21, 2023.

CCTs with Past Directors Group of Macau Pass:

Pursuant to Rule 20.07(2) of the GEM Listing Rules, a person who was a director of the Group in the last 12 months shall be regarded as a “connected person” of the Company. Accordingly, the past directors of Macau Pass until their resignation as such on March 24, 2022 (the “**Past Directors**”) and their respective associates (collectively, the “**Past Directors Group**”, including but not limited to Transportes Urbanos de Macau, S.A.R.L. (“**TRANSMAC**”) and Macao Clever Catering Management Company Limited (“**MCC**”), each of which was controlled as to over 30% by some of the Past Directors and was therefore an associate of such Past Directors) were regarded as connected persons of the Company until March 23, 2023, and any continuing transactions between the Macau Pass Group (including Macau Pass) and the Past Directors Group (the “**Past Directors Transactions**”) constituted CCTs for the Company until March 23, 2023.

It was anticipated that the transaction amounts of the Past Directors Transactions would exceed the de minimis threshold if the Group continued to conduct those transactions pursuant to the existing agreements. Therefore, the Past Directors Transactions would be subject to annual review and disclosure requirements and the Company had set annual caps for such transactions pursuant to Chapter 20 of the GEM Listing Rules.

As (i) the Past Directors Transactions were CCTs between the Group and connected persons at the subsidiary level of the Company (i.e. the Past Directors Group) on normal commercial terms, (ii) the Board (including the independent non-executive Directors) had approved the Past Directors Transactions, and (iii) the independent non-executive Directors had confirmed that the terms of the Past Directors Transactions were fair and reasonable, on normal commercial terms or better and in the interest of the Company and its shareholders as a whole, the Past Directors Transactions were only subject to the reporting and announcement requirements, but were exempt from the circular, independent financial advice and shareholders’ approval requirements pursuant to Rule 20.99 of the GEM Listing Rules.

The Macau Pass Group had a good and longstanding business relationship with the Past Directors Group. The Past Directors Transactions formed part of the Macau Pass Group’s ordinary and important business activities, which would allow the Macau Pass Group to capitalise on its industry experience and expertise and would continue to generate stable revenue.

Details of the Past Directors Transactions are set out below:

(a) Transactions with TRANSMAC (the “TRANSMAC Transactions”)

Macau Pass (an indirect wholly-owned subsidiary of the Company) and TRANSMAC (a member of the Past Directors Group) entered into an agreement (the “**Fare Collection System Services Agreement**”) on November 1, 2020 (as amended and supplemented by an agreement dated December 1, 2020) in relation to the leasing of fare collection machines and the provision of fare collection and clearing services and ancillary services for the electronic fare collection system (collectively, the “**Fare Collection System Services**”).

The term of the Fare Collection System Services Agreement commenced from November 1, 2020 and is renewable automatically for one year upon expiry of each one-year term until December 31, 2026 on which day the Fare Collection System Services Agreement will be terminated automatically, unless either party serves a notice for termination of such agreement at least six months prior to the expiry of each one-year term. TRANSMAC would cease to be a connected person of the Company after March 23, 2023 and the TRANSMAC Transactions would not be subject to any disclosure and/or shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules after such date.

The rental fee payable by TRANSMAC to Macau Pass for leasing of the fare collection machines is calculated based on (i) such number of fare collection machines as stated in the Fare Collection System Services Agreement or the actual number of fare collection machines actually leased to TRANSMAC, whichever is the higher; and (ii) a monthly rental fee of MOP350 (equivalent to approximately HK\$340) for each fare collection machine. The service fee payable by TRANSMAC to Macau Pass with respect to the provision of fare collection and clearing services and ancillary services for the electronic fare collection system is calculated primarily based on the number of transactions conducted on public buses of TRANSMAC, and a sliding fee scale corresponding to the number of transactions so conducted with reference to the pricing policy indicated by Transport Bureau in Macau, which is the standard market term applicable to the bus operators in Macau.

The annual caps for the aggregate of rental fees and service fees payable by TRANSMAC to Macau Pass with respect to the TRANSMAC Transactions for the two periods from March 24, 2022 to December 31, 2022 and from January 1, 2023 to March 23, 2023 were fixed at MOP10,700,000 (equivalent to approximately HK\$10,380,000) and MOP3,600,000 (equivalent to approximately HK\$3,490,000), respectively. Such annual caps were determined with reference to: (1) the historical aggregate amount of the rental fees and service fees with respect to the TRANSMAC Transactions for the year ended December 31, 2021, being approximately MOP10,964,000 (equivalent to approximately HK\$10,640,000); (2) the expected growth in the number of the TRANSMAC Transactions; (3) the expected growth in number of fare collection machines to be leased to TRANSMAC to support more payment tools for use on its buses such as the Transport QR Code (乘車碼) of MPay and other e-wallets; and (4) certain buffer for additional service fees that may be charged by Macau Pass in relation to the provision of the Fare Collection System Services.

(b) Transactions with MCC (the “MCC Transactions”)

Macau Pass (an indirect wholly-owned subsidiary of the Company) and MCC (a member of the Past Directors Group) entered into an agreement (the “**MCC Online Payment Agreement**”) on May 11, 2020 (as amended and supplemented by an agreement dated September 10, 2021) in relation to the establishment of payment gateway on “mFood”, which is an online food and beverage delivery platform owned and operated by MCC. Under the MCC Online Payment Agreement, Macau Pass agreed to provide MCC with online payment services which enabled merchants on the mFood platform to accept payment methods of various payment service providers, such that their customers may choose their preferred payment methods at checkout.

The term of the MCC Online Payment Agreement commenced from May 11, 2020, and ended on March 23, 2024. MCC would cease to be a connected person of the Company after March 23, 2023 and the MCC Transactions would not be subject to any disclosure and/or shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules after such date.

The service fee payable by MCC to Macau Pass for its provision of online payment services ranges from 0.7% to 0.8% of the transaction amount of the payment processed for the mFood platform, depending on the payment methods chosen by the customers at checkout. Where the transaction amount is settled through redemption of reward points held by the MPay users on the mFood platform, the service fee payable by MCC to Macau Pass shall be 1.2% of the transaction amount so settled in accordance with a cooperation framework agreement entered into between MCC and Macau Pass on July 6, 2022 (the “**Reward Points Redemption Cooperation Agreement**”), which agreement was terminated on August 31, 2022.

The aggregate annual caps for the service fees (inclusive of the aforesaid 0.7%-0.8% and 1.2% of the transaction amount respectively) payable by MCC to Macau Pass with respect to the MCC Transactions for the two periods from March 24, 2022 to December 31, 2022 and from January 1, 2023 to March 23, 2023 were fixed at MOP7,500,000 (equivalent to approximately HK\$7,280,000) and MOP3,500,000 (equivalent to approximately HK\$3,400,000), respectively. Such aggregate annual caps were determined primarily with reference to: (1) the historical amount of the service fees with respect to the MCC Transactions for the year ended December 31, 2021, being approximately MOP2,397,000 (equivalent to approximately HK\$2,330,000); and (2) the expected fast growth in the number and transaction volume of the MCC Transactions based on the rapid business growth of MCC over each quarters of the past 12 months prior to the date of the announcement of the Company on June 20, 2022 and, in particular, the growth of over 30% in revenue generated from the MCC Transactions in the first quarter of 2022 as compared to the fourth quarter of 2021.

Further details of the Past Directors Transactions have been disclosed in the announcements of the Company dated June 20, 2022 and August 8, 2022.

Assessment of compliance with the annual caps

During the 15-Month Period, the actual transaction amounts in respect of the CCTs described above were as follows:

| CCTs with Alibaba Group: | | January 1, 2024 to March 31, 2024 <i>Annual cap</i> <i>HK\$'000</i> | Transaction amount <i>HK\$'000</i> | January 1, 2023 to December 31, 2023 <i>Annual cap</i> <i>HK\$'000</i> | Transaction amount <i>HK\$'000</i> |
|--------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|------------------------------------------|---------------------------------------------------------------------------------------|------------------------------------------|
| (a) | (1) Payment of service fees by CLM and/or ZCLM to Alibaba China in relation to the sale of sports and/or welfare lottery products in the PRC via the retail shops under the membership network of Lingshoutong (零售通) under the 2021 LST Cooperation Agreement | | | 6,000 | 5,490 |
| | (2) Payment of service fees by CLM and/or ZCLM to Alibaba China and Shanghai Caicai in relation to the sale of sports and/or welfare lottery products in the PRC via the retail shops under (i) the retail network of Lingshoutong (零售通) of Alibaba China and other retail shops installed with Ruyi POS machines (including those retail shops under the retail network of Lingshoutong set up prior to the date of the 2023 LST Cooperation Agreement from the previous cooperation between CLM/ZCLM and Alibaba China); and (ii) physical pickup stores of Taobao Grocery Group (淘寶買菜團點) of Shanghai Caicai and its affiliates (including those physical pickup stores under the network of Taobao Grocery Group set up prior to the date of the 2023 LST Cooperation Agreement from the previous cooperation between CLM/ZCLM and Shanghai Caicai) under the 2023 LST Cooperation Agreement | 2,000 | 981 | | |
| (b) | Payment of service fees by the Group (including Beijing AGTech) to Alibaba Cloud and its subsidiaries and/or affiliates in respect of the provision of technology services and resources under the 2022 Technology Services Framework Agreement | 6,500 [^] | 1,365 | 5,000 | 4,431 |

[^] The amount represents the annual cap of continuing connected transactions for the period from January 1, 2024 to December 31, 2024 as disclosed in the announcement of the Company dated December 29, 2022 in relation to the 2022 Technology Services Framework Agreement

| CCTs with Ant Group: | | January 1, 2024 to March 31, 2024 <i>Annual cap HK\$'000</i> | Transaction amount <i>HK\$'000</i> | January 1, 2023 to December 31, 2023 <i>Annual cap HK\$'000</i> | Transaction amount <i>HK\$'000</i> |
|-----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|--------------------------------------------------|-------------------------------------------------------------------------------------------|--------------------------------------------------|
| (a) | Payment of MP Acquiring Service Fees by Macau Pass to Alipay Entities under the 2021 MP Acquiring Service Framework Agreement and the 2023 MP Acquiring Service Framework Agreement | 20,000 | 10,031 | 100,000 | 58,547 |
| (b) | MP Payment Related Services | | | | |
| | Payment of service fees by the Alipay Entities Group to Macau Pass in respect of MP Payment Related Services I under the 2022 MP Payment and Related Services Framework Agreement | | | 12,300 | 11,976 |
| | Payment of service fees by the Alipay Entities Group to the Group in respect of MP Payment Related Services II under the 2023 MP Payment and Related Services Framework Agreement | 2,800 | 1,072 | | |
| (c) | Referral Services | | | | |
| | Payment of service fees by the Alipay Entities Group to Macau Pass in respect of Referral Services I under the 2022 MP Payment and Related Services Framework Agreement | | | 7,280 | 291 |
| | Payment of service fees by the Alipay Entities Group to the Group in respect of Referral Services II under the 2023 MP Payment and Related Services Framework Agreement | 200 | 31 | | |
| (d) | Alipay Technical Services | | | | |
| | Payment of service fees by the Group to the Alipay Entities Group in respect of Alipay Technical Services I under the 2022 MP Payment and Related Services Framework Agreement | | | 5,400 | 2,808 |
| | Payment of service fees by the Group to the Alipay Entities Group in respect of Alipay Technical Services II under the 2023 MP Payment and Related Services Framework Agreement | 1,400 | 528 | | |

| CCTs with Past Directors Group of Macau Pass | | January 1, 2023 to March 23, 2023 <i>Annual cap</i> <i>'000</i> | Transaction amount <i>'000</i> |
|----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|------------------------------------------|
| (a) | Payment of rental fees and service fees by TRANSMAC to Macau Pass with respect to the TRANSMAC Transactions under the Fare Collection System Services Agreement | HK\$3,495 (MOP 3,600*) | HK\$2,315 (MOP 2,384) |
| (b) | Payment of service fees by MCC to Macau Pass with respect to the MCC Transactions under the MCC Online Payment Agreement and the Reward Points Redemption Cooperation Agreement | HK\$3,398 (MOP 3,500*) | HK\$1,060 (MOP 1,091) |

* *The annual cap of the relevant continuing connected transactions are denominated in MOP as disclosed in previous announcement.*

Annual review of CCTs

The independent non-executive Directors reviewed the CCTs set out above, and confirmed that the CCTs set out above have been entered into:

- (i) in the ordinary and usual course of the business of the Group;
- (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and
- (iii) in accordance with the relevant agreements governing them and are on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The independent non-executive Directors also considered that the internal control procedures put in place by the Group to monitor the CCTs are adequate and effective. The Directors confirm that the Company has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules and has followed the policies and guidelines as set out in the Guidance Letter (HKEX-GL73-14) issued by the Stock Exchange when determining the price and terms of the CCTs during the 15-Month Period.

The Company's auditor was engaged to report on the Group's CCTs in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor had issued its unqualified letter containing its findings, conclusions and confirmations in respect of the CCTs disclosed above in accordance with Rule 20.54 of the GEM Listing Rules.

During the 15-Month Period, the Company reviewed its related party transactions and confirmed that, save as disclosed above, there was no connected transaction or continuing connected transaction of the Company which was required to be disclosed pursuant to Chapter 20 of the GEM Listing Rules. Save as disclosed above, none of the related party transactions to be set out in the notes to the consolidated financial statements of the Group in the annual report of the Company for the 15-Month Period were such transactions required to be disclosed pursuant to Chapter 20 of the GEM Listing Rules.

SHARE OPTION SCHEME

All options granted under the share option scheme adopted by the Company on November 18, 2004 had lapsed in 2019.

During the 15-Month Period, no options were granted by the Company pursuant to the 2014 Share Option Scheme and no options were exercised, cancelled and lapsed.

All options granted under the 2014 Share Option Scheme had lapsed. As at each of January 1, 2023 and March 31, 2024, the number of Shares in respect of which options had been granted and remained outstanding under the 2014 Share Option Scheme was nil, representing 0% of the Company's issued share capital as at the respective dates.

As at each of January 1, 2023 and March 31, 2024, the total number of Shares still available for grant under the 2014 Share Option Scheme was 313,309,485 Shares, representing approximately 2.7% of the Company's issued share capital as at the respective dates.

SHARE AWARD SCHEME

During the 15-Month Period, 74,800,000 award Shares were granted to 96 eligible persons under the Share Award Scheme. The award Shares granted were not subject to performance targets but were subject to clawback mechanism, whereby in the event of any circumstances specified in the Share Award Scheme or award letter including but not limited to cessation of a selected participant's employment or service by the Company for cause, and perform any act that may confer a competitive benefit or advantage upon any competitor of the Group, the Company shall have the right to repurchase or procure the purchase of some or all of the vested award from such selected participant or his/her transferee for no consideration and require such selected participant to pay the Company any and all payment in cash or other property in lieu of the vested award which such selected participant has received from the Company pursuant to the award. During the 15-Month Period, 15,265,450 award Shares were vested in the grantees.

Under the Share Award Scheme, the Board shall not make any further award which will result in the aggregate number of Shares underlying all grants (including grants to connected persons of the Company) made pursuant to the Share Award Scheme (excluding award Shares that have been forfeited or lapsed in accordance with the Share Award Scheme) to exceed 6% of the total number of issued Shares as at the Adoption Date (i.e. 630,852,526 Shares) (the "**Award Scheme Limit**") without Shareholders' approval.

During the 15-Month Period, 5,208,000 Shares were purchased on the Stock Exchange by the trustee of the Share Award Scheme. In the event that the Board elects to issue new Shares to satisfy any award Shares to be granted under the Share Award Scheme in the future, and subject to the Award Scheme Limit and the requirement to maintain a minimum public float of not less than 25% of the total issued Shares under the GEM Listing Rules, the maximum number of new Shares so issued shall be limited to 3% of the total issued Shares as at the Adoption Date (i.e. 315,426,263 Shares). The total number of issued Shares as at the Adoption Date was 10,514,208,770.

As at January 1, 2023 and March 31, 2024, the total number of award Shares still available for grant under the Share Award Scheme was 383,083,526 Shares and 340,808,526 Shares, representing approximately 3.28% and 2.92% of the Company's issued share capital as at that date respectively.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining high standards of corporate governance in order to uphold the transparency of the Group and safeguard interests of the Shareholders.

The Company has adopted the applicable code provisions in the Corporate Governance Code (the “Code”) as set out in Part 2 of Appendix C1 of the GEM Listing Rules.

During the 15-Month Period, the Company complied with the Code except for the following deviations:

- (a) under code provision C.2.1 of the Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The roles of chairman and CEO of the Company were performed by an executive Director, Mr. Sun Ho, during the 15-Month Period. The Company considered that the combination of the roles of chairman and CEO could effectively facilitate the formulation and implementation of the strategies of the Company. The Company considered that under the supervision of its Board and especially its independent non-executive Directors, a balancing mechanism existed so that the interests of the Shareholders were adequately and fairly represented. The Company considered that there was no imminent need to change the arrangement;
- (b) under code provision B.2.2 of the Code, every Director should be subject to retirement by rotation at least once every three years. However, pursuant to the Bye-laws, the chairman of the Company shall not be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year. During the 15-Month Period, the chairman of the Board was not subject to retirement by rotation as the Board considered that the continuity of the office of the chairman provided the Group with strong and consistent leadership and was of great importance to the smooth operations of the Group. The Company considered that the performance of the chairman was already under the supervision of the entire Board (especially the independent non-executive Directors), and checks and balances existed so that the interests of the Shareholders were adequately and fairly represented;
- (c) under code provision C.2.7 of the Code, the chairman of the Board should at least annually hold meetings with the independent non-executive Directors without the presence of other Directors. During the 15-Month Period, the chairman of the Board did not hold such kind of private meetings with the independent non-executive Directors. The chairman of the Board considered that it was unnecessary as it would be more transparent to let the independent non-executive Directors speak out their views to all other Directors in the full Board meetings which would be held multiple times each year. Besides, the chairman of the Board, being an executive Director himself, always welcomes all independent non-executive Directors to directly communicate with him via his email or phone to discuss any matters of the Company from time to time;

- (d) under code provision C.1.5 of the Code, each Director should disclose to the Company, among other things, an indication of the time involved by him/her in his/her offices held in other public companies or organizations and other significant commitments. During the 15-Month Period, no such disclosure was made by the Directors to the Company. As the Board had adopted a corporate governance practice that each Director's contributions to the Group would be reviewed and discussed at the Board meeting annually (the "**Annual Contributions Review**"), the Board considered that assessing the time spent by each Director on his/her commitments outside the Group was not necessary for the purposes of the Annual Contributions Review and that the disclosure of the time spent by a Director in performing his/her duties would not necessarily indicate accurately the efficiency of such Director and the effectiveness of his/her work, and may therefore be misleading;
- (e) under code provision E.1.2(c) of the Code, the remuneration committee should review and recommend to the Board for approval of the specific remuneration packages of senior management. The remuneration committee of the Company had reviewed its scope of duties and considered that the delegated responsibility to review and recommend to the Board to approve the specific remuneration packages of senior management should be vested in the executive Directors who have a better understanding of the level of expertise, experience and performance expected of the senior management in the daily business operations. Notwithstanding the foregoing, the remuneration committee would continue to be primarily responsible for the review and recommendation of the remuneration packages of the Directors;
- (f) under code provision E.1.5 of the Code, the Company should disclose details of any remuneration payable to members of senior management by band in its annual report. The Company did not make such disclosure in its annual report as the Board considered that (i) the remuneration of any newly appointed "chief executive" (as defined under the GEM Listing Rules) would have already been disclosed in the announcement previously issued by the Company in respect of such appointment in accordance with GEM Listing Rule 17.50(2)(g); (ii) the five highest paid employees within the Group had already been disclosed in the notes to the consolidated financial statements of the Group in the annual report, and (iii) giving further details of remuneration for each and every senior management staff would result in particulars of excessive length and no additional value to the Shareholders, whilst at the same time may impair the flexibility of the Group in its negotiations of remuneration packages for senior management staff (especially those who are not Directors or chief executives of the Group and hence are not supposed to be subject to the aforesaid disclosure requirement under GEM Listing Rule 17.50(2)(g)) should it need to find replacement staff or recruit additional senior personnel in the future; and

- (g) under code provision F.1.1 of the Code, the Company should have a policy on payment of dividends and should disclose it in its annual report. The Company did not have such policy and did not make such disclosure in its annual report as the Board considered that it would be premature to decide on its dividend policy as the Company did not have any distributable reserves calculated under the laws of Bermuda, and even if the Company will have sufficient distributable reserves to pay its dividends in the future, the Board has yet to assess the funding requirements of the Group (for instance, its working capital needs and capital expenditure) at that time before the Company could decide on the amount of dividends or proportion of net profits that it would be in a position to distribute to the Shareholders.

(The above deviations (a) to (g) were similarly disclosed on pages 25 to 27 of the Company's annual report for the year ended December 31, 2022, on pages 59 to 61 of the Company's interim report for the six months ended June 30, 2023 and on pages 73 to 75 of the Company's second interim report for the 12 months ended December 31, 2023.)

Temporary non-compliance event subsequent to the 15-Month Period:

Under code provision B(f) of Part 1 of the Code, the Company should disclose non-compliance with Rules 5.05(1) and (2), and 5.05A of the GEM Listing Rules. Following the resignation of the independent non-executive Directors, Mr. Feng Qing and Dr. Gao Jack Qun Yao, and the appointment of the new independent non-executive Director, Mr. Chan Ka Leong, on May 3, 2024, the Company only had two independent non-executive Directors, and therefore fell below the requirements of Rules 5.05(1), 5.05A and 5.28 of the GEM Listing Rules for a short period from May 3, 2024 to May 13, 2024, which rules require the Company to have at least 3 independent non-executive Directors, that the independent non-executive Directors should represent at least one-third of the Board, and that the audit committee of the Company must comprise a minimum of 3 members. The Company subsequently appointed a third independent non-executive Director, Ms. Yuen Kit Ming Fanny, on May 14, 2024, and following such appointment, the Company has re-complied with the requirements under Rules 5.05(1), 5.05A and 5.28 of the GEM Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the 15-Month Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities (including sale of treasury shares (as defined under the GEM Listing Rules), if any) of the Company.

SUFFICIENCY OF PUBLIC FLOAT

As at the latest practicable date prior to the issue of this announcement, based on information that is publicly available to the Company and within the knowledge of the Directors, the Company maintained sufficient public float of the Shares, representing no less than 25% of the total issued Shares as required under the GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

| | |
|----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “2014 Share Option Scheme” | the share option scheme of the Company adopted on December 23, 2014; |
| “Adoption Date” | March 17, 2017, being the date on which the Company adopted the Share Award Scheme; |
| “Ali Fortune” | Ali Fortune Investment Holding Limited, a company incorporated in the British Virgin Island and the controlling shareholder of the Company; |
| “Alibaba China” | 阿里巴巴(中國)網絡技術有限公司 (Alibaba (China) Technology Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of Alibaba Holding; |
| “Alibaba Cloud” | 阿里雲計算有限公司 (Alibaba Cloud Computing Ltd.*) is a company established in the PRC with limited liability and a consolidated entity of Alibaba Holding; |
| “Alibaba Group” | Alibaba Holding and its subsidiaries; |
| “Alibaba Holding” | Alibaba Group Holding Limited, a company incorporated in the Cayman Islands, with its American depository 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 Codes: 9988 (HKD Counter) and 89988 (RMB Counter)); |
| “Alipay” | 支付寶(中國)網絡技術有限公司 (Alipay.com Co., Ltd.*), a company incorporated in the PRC, and a wholly-owned subsidiary of Ant Holdco; |
| “Alipay Entities” | Alipay, Alipay Singapore and Ant Bank (Macao); |
| “Alipay Entities Group” | Alipay Entities together with their respective direct or indirect subsidiaries from time to time; |
| “Alipay Singapore” | Alipay Singapore Holding Pte. Ltd., a company incorporated in Singapore and an indirect wholly-owned subsidiary of Ant Holdco; |

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| “Alipay+ Solution” or “Alipay+” | a suite of global cross-border digital payment and marketing solutions launched by Ant Group; |
| “AMCM” | Autoridade Monetária de Macau (the Monetary Authority of Macao); |
| “Ant Bank (Macao)” | Ant Bank (Macao) Limited, a joint venture company incorporated under the laws of Macau which is held as to 66.7% by two indirect wholly-owned subsidiaries of Ant Holdco and as to 33.3% by a 30%-indirectly owned associated company of the Company as at the date hereof; |
| “Ant Group” | Ant Holdco and its subsidiaries; |
| “Ant Holdco” | 螞蟻科技集團股份有限公司 (Ant Group Co., Ltd.), a company organized under the laws of the PRC; |
| “Ant Technologies” | Ant International Technologies (Hong Kong) Holding Limited, a company incorporated under the laws of Hong Kong with limited liability and an indirect wholly-owned subsidiary of Ant Holdco; |
| “Beijing AGTech” | 北京亞博科技有限公司 (Beijing AGTech Co., Ltd*), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company; |
| “Board” | the board of Directors; |
| “Bye-law(s)” | the bye-law(s) of the Company; |
| “CEO” | chief executive officer; |
| “CLM” | 世紀星彩企業管理有限公司 (China Lottery Management Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company; |
| “Company” or “AGTech” | AGTech Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on GEM; |
| “Director(s)” | the director(s) of the Company; |

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| “E-Wallet(s)” | the e-wallets operated by the Alipay Entities from time to time, including but not limited to, the “Alipay” e-wallet, the “AlipayHK” e-wallet, Ant Bank (Macao)’s “Alipay (Macao)” e-wallet and Alipay+ Solution partners’ e-wallets (e.g. Kakao Pay from South Korea, GCash from the Philippines, Touch’n Go from Malaysia and TrueMoney from Thailand); |
| “GEM” | GEM operated by the Stock Exchange; |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on GEM of the Stock Exchange; |
| “Group” | the Company and its subsidiaries; |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong; |
| “Hong Kong” or “HK” | the Hong Kong Special Administrative Region of the PRC; |
| “Macao” | the Macao Special Administrative Region of the PRC; |
| “Macao Pass” | Macau Pass S.A., a company incorporated under the laws of Macau and an indirect wholly-owned subsidiary of the Company; |
| “Macao Pass Group” | Macau Pass Holding Ltd. (an indirect wholly-owned subsidiary of the Company) and its subsidiaries (including Macau Pass); |
| “MOF” | the Ministry of Finance of China; |
| “MOP” | Macau patacas, the lawful currency of Macau; |
| “MPay” | the e-wallet operated by Macau Pass; |
| “PRC” or “China” | the People’s Republic of China which, for the purpose of this announcement, refers to Chinese Mainland only; |
| “RMB” | Renminbi, the lawful currency of the PRC; |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); |

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| “Shanghai Caicai” | 上海菜菜超市有限公司 (Shanghai Caicai Supermarket Co. Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of Alibaba Holding; |
| “Share(s)” | ordinary share(s) of HK\$0.002 each in the share capital of the Company; |
| “Share Award Scheme” | the share award scheme of the Company adopted on March 17, 2017; |
| “Shareholder(s)” | holder(s) of the Share(s); |
| “SME(s)” | small and medium-sized enterprises; |
| “Sports Lottery” | the national sports lottery of China; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “Subscription” | the subscription for 4,817,399,245 new Shares and Convertible Bonds in the aggregate principal amount of HK\$712,582,483 by Ali Fortune, which was completed on August 10, 2016; |
| “Taobao” | 淘寶(中國)軟件有限公司 (Taobao (China) Software Co., Ltd.*), a company established under the laws of the PRC and a subsidiary of Alibaba Holding; |
| “Welfare Lottery” | the national welfare lottery of China; |
| “ZCLM” | 浙江世紀星彩企業管理有限公司 (Zhejiang Century Star Lottery Enterprise Management Limited*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company; and |
| “%” | per cent. |

Notes:

1. In this announcement, the exchange rates of HK\$1.0854 to RMB1.00, MOP1 to HK\$0.9709 and INR1 to HK\$0.094 have been used for reference only.
2. The English translation of the Chinese company names in this announcement are included for reference only and should not be regarded as the official English translation of such Chinese company names.
3. In the event of any inconsistency, the English text of this announcement shall prevail over the Chinese text.

* *For identification purpose only*

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

Hong Kong, June 21, 2024

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. Chow Siu Lui, Mr. Chan Ka Leong and Ms. Yuen Kit Ming Fanny as independent non-executive Directors.

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.