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AGTech Holdings Limited

亞博科技控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 8279)

CONTINUING CONNECTED TRANSACTIONS

References are made to (i) the announcements of the Company dated September 10, 2021 and March 24, 2022, and (ii) the circular of the Company dated October 29, 2021 in relation to, among other things, the acquisition of the entire equity interest in Macau Pass Holding and 1% equity interest in Macau Pass S.A. by two indirect wholly-owned subsidiaries of the Company pursuant to the sale and purchase agreement dated September 10, 2021 (i.e. the Acquisition).

Upon completion of the Acquisition on March 24, 2022, members of the Macau Pass Group became indirect wholly-owned subsidiaries of the Company. According to Rule 20.07(2) of the GEM Listing Rules, a person who was a director of any such subsidiaries in the last 12 months shall be regarded as a “connected person” of the Company with effect from March 24, 2022. As such, the Past Directors (being past directors of Macau Pass S.A. until their resignation as such on March 24, 2022) and their respective associates (i.e. the Past Directors Group, including but not limited to TRANSMAC and MCC, each of which is controlled as to over 30% by some of the Past Directors and is therefore an associate of such Past Directors) are regarded as connected persons of the Company until March 23, 2023, and any continuing transactions between the Macau Pass Group and the Past Directors Group constitute continuing connected transactions for the Company until March 23, 2023.

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

As (i) the Past Directors Transactions are continuing connected transactions 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) has approved the Past Directors Transactions, and (iii) the independent non-executive Directors have confirmed that the terms of the Past Directors Transactions are 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 are only subject to the reporting and announcement requirements, but are exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 20.99 of the GEM Listing Rules.

References are made to (i) the announcements of the Company dated September 10, 2021 and March 24, 2022, and (ii) the circular of the Company dated October 29, 2021 in relation to, among other things, the Acquisition.

Upon completion of the Acquisition on March 24, 2022, members of the Macau Pass Group became indirect wholly-owned subsidiaries of the Company. According to Rule 20.07(2) of the GEM Listing Rules, a person who was a director of any such subsidiaries in the last 12 months shall be regarded as a "connected person" of the Company with effect from March 24, 2022. As such, the Past Directors Group is regarded as connected persons of the Company until March 23, 2023, and any continuing transactions between the Macau Pass Group and the Past Directors Group constitute continuing connected transactions for the Company until March 23, 2023 as set out below in this announcement.

PAST DIRECTORS TRANSACTIONS

1. TRANSMAC Transactions

Date and parties

Macau Pass S.A. (an indirect wholly-owned subsidiary of the Company) and TRANSMAC (a member of the Past Directors Group) entered into 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**").

Term

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 the Fare Collection System Services Agreement at least six months prior to the expiry of each one-year term.

The Board wishes to reiterate that TRANSMAC will cease to be a connected person of the Company after March 23, 2023 and the Transmac Transactions will not be subject to any disclosure and/or shareholders' approval requirements under Chapter 20 of the GEM Listing Rules after such date.

Services to be provided

Pursuant to the Fare Collection System Services Agreement, Macau Pass S.A. has agreed to lease to TRANSMAC certain number of fare collection machines as stated in such agreement (or such number depending on the actual needs of TRANSMAC) for installation on the public buses operated by the latter plus some spare fare collection machines; and to provide TRANSMAC with the fare collection and clearing services and ancillary services for its electronic fare collection system.

Pricing policy and payment terms

The rental fee payable by TRANSMAC to Macau Pass S.A. 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 rental fee of MOP350 (equivalent to approximately HK\$340) for each fare collection machine. Such rental fee shall be settled on a monthly basis.

The service fee payable by TRANSMAC to Macau Pass S.A. 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. Such service fee shall be settled on a daily basis.

2. MCC Transactions

Date and parties

Macau Pass S.A. (an indirect wholly-owned subsidiary of the Company) and MCC (a member of the Past Directors Group) entered into 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.

Term

The term of the MCC Online Payment Agreement commenced from May 11, 2020, and will end two years after completion of the Acquisition, being March 23, 2024.

The Board wishes to reiterate that MCC will cease to be a connected person of the Company after March 23, 2023 and the MCC Transactions will not be subject to any disclosure and/or shareholders' approval requirements under Chapter 20 of the GEM Listing Rules after such date.

Services to be provided

Pursuant to the MCC Online Payment Agreement, Macau Pass S.A. has agreed to provide MCC with online payment services which enable 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.

Pricing policy and payment terms

The service fee payable by MCC to Macau Pass S.A. 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. Such service fee shall be settled on a daily basis.

For the avoidance of doubt, the fee rate applicable to the transaction amount settled through deduction of reward points held by the MPay users has yet to be further negotiated between Macau Pass S.A. and MCC. Further announcement will be made by the Company, where applicable, once such fee rate has been agreed by the parties.

ANNUAL CAPS

1. TRANSMAC Transactions

The annual caps for the aggregate of rental fees and service fees payable by TRANSMAC to Macau Pass S.A. 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 are fixed at MOP10,700,000 (equivalent to approximately HK\$10,380,000) and MOP3,600,000 (equivalent to approximately HK\$3,490,000), respectively.

The annual caps for the aggregate of rental fees and service fees with respect to the TRANSMAC Transactions are 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 S.A. in relation to the provision of the Fare Collection System Services.

2. MCC Transactions

The annual caps for the service fees payable by MCC to Macau Pass S.A. 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 are fixed at MOP7,500,000 (equivalent to approximately HK\$7,280,000) and MOP3,500,000 (equivalent to approximately HK\$3,400,000), respectively.

The annual caps for the service fees with respect to the MCC Transactions are determined 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 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.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PAST DIRECTORS TRANSACTIONS

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

The Board (including the independent non-executive Directors) has approved the Past Directors Transactions and has confirmed that the terms of the Past Directors Transactions are fair and reasonable, and are on normal commercial terms or better, the entering into of the Past Directors Transactions is in the ordinary and usual course of business of the Group and in the interest of the Company and its shareholders as a whole.

None of the Directors has a material interest in the Past Directors Transactions or is required to abstain from voting on the resolutions passed by the Board approving the Past Directors Transactions and the Annual Caps.

INTERNAL CONTROL MEASURES

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

GEM LISTING RULES IMPLICATIONS

Upon completion of the Acquisition on March 24, 2022, members of the Macau Pass Group became indirect wholly-owned subsidiaries of the Company. According to Rule 20.07(2) of the GEM Listing Rules, a person who was a director of any such subsidiaries in the last 12 months shall be regarded as a "connected person" of the Company with effect from March 24, 2022. As such, the Past Directors (being past directors of Macau Pass S.A. until their resignation as such on March 24, 2022) and their respective associates (i.e. the Past Directors Group, including but not limited to TRANSMAC and MCC, each of which is controlled as to over 30% by some of the Past Directors and is therefore an associate of such Past Directors) are regarded as connected persons of the Company until March 23, 2023, and any continuing transactions between the Macau Pass Group and the Past Directors Group constitute continuing connected transactions for the Company until March 23, 2023.

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

As (i) the Past Directors Transactions are continuing connected transactions 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) has approved the Past Directors Transactions, and (iii) the independent non-executive Directors have confirmed that the terms of the Past Directors Transactions are 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 are only subject to the reporting and announcement requirements, but are exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 20.99 of the GEM Listing Rules.

INFORMATION ABOUT THE PARTIES

The Company, the Macau Pass Group and Macau Pass S.A.

The Company was incorporated in Bermuda and its Shares are listed on GEM of the Stock Exchange. The Group is an integrated technology and services company engaged in electronic payment services, lottery, mobile games and entertainment and marketing technical services and non-lottery hardware supply markets with a focus on Mainland China and Macau. As a member of the Alibaba Group, the Group is the exclusive lottery platform of Alibaba Group and Ant Group Co., Ltd. (螞蟻科技集團股份有限公司) and its subsidiaries.

The Macau Pass Group is principally engaged in (i) the provision of payment card services via “Macau Pass Cards” and ancillary card services; (ii) the provision of e-wallet services known as “MPay”; (iii) the provision of acquiring services for other payment service providers; and (iv) sales and leasing of payment terminals and equipment in Macau.

Macau Pass S.A. is a leading payment service provider in Macau and is an “other credit institution” licensed under Autoridade Monetária de Macau (the Monetary Authority of Macao). It was incorporated in 2005 with an initial focus on operating payment card services via “Macau Pass Cards” in Macau, which was later gradually expanded into other payment related businesses such as e-wallet and acquiring services.

TRANSMAC and MCC

TRANSMAC is principally engaged in the provision and operation of the public transport services by road for passengers in the territory of Macau, as well as related or similar activities. As at the date of this announcement, to the best of the Board’s knowledge, information and belief having made all reasonable enquiries, TRANSMAC is ultimately owned by Mr. Liu Hei Wan and his spouse, Ms. Law Suet Yi Melody, as to 49.5% and 49.5% respectively, and is therefore an associate of the Past Director, Mr. Liu Hei Wan.

MCC is principally engaged in the business of restaurant management system (including service platform), and the development, agency, sale and leasing of other software systems and related equipment. As at the date of this announcement, to the best of the Board’s knowledge, information and belief having made all reasonable enquiries, MCC is ultimately owned by three individuals, namely Mr. Liu Cheuk Yin, Mr. Liu Cheuk Ming and Mr. Chan Ka Fung, as to 35%, 35% and 30%, respectively, and is therefore an associate of two Past Directors, namely Mr. Liu Cheuk Yin and Mr. Liu Cheuk Ming.

DEFINITIONS

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

“Acquisition”	the acquisition of the entire equity interest in Macau Pass Holding and 1% equity interest in Macau Pass S.A. by two indirect wholly-owned subsidiaries of the Company pursuant to the sale and purchase agreement dated September 10, 2021, details of which are set out in the announcement of the Company dated September 10, 2021 and the circular of the Company dated October 29, 2021
“Annual Caps”	the maximum aggregate amounts of rental fees and service fees payable by TRANSMAC to Macau Pass S.A. with respect to the TRANSMAC Transactions, and the maximum amount of the service fees payable by MCC to Macau Pass S.A. with respect to the MCC Transactions, both for the two periods from March 24, 2022 to December 31, 2022 and from January 1, 2023 to March 23, 2023
“associate(s)”, “connected person(s)”, “percentage ratio(s)”, “subsidiary(ies)”	each has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Company”	AGTech Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on GEM of the Stock Exchange (Stock Code: 8279)
“Director(s)”	director(s) of the Company
“Fare Collection System Services”	has the meaning ascribed to it under the section headed “Past Directors Transactions – 1. TRANSMAC Transactions – Date and parties” in this announcement
“Fare Collection System Services Agreement”	the vehicle electronic fare collection system services agreement dated November 1, 2020 entered into between Macau Pass S.A. and TRANSMAC (as amended and supplemented by an agreement dated December 1, 2020) in relation to the provision of the Fare Collection System Services

“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Macau”	the Macao Special Administrative Region of the People’s Republic of China
“Macau Pass Group”	Macau Pass Holding and its subsidiaries (including Macau Pass S.A.)
“Macau Pass Holding”	Macau Pass Holding Ltd., a company incorporated under the laws of Macau and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Macau Pass S.A.”	a company incorporated under the laws of Macau and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“MCC”	Macao Clever Catering Management Company Limited, a company incorporated under the laws of Macau
“MCC Online Payment Agreement”	the online payment agreement dated May 11, 2020 entered into between Macau Pass S.A. and MCC (as amended and supplemented by an agreement dated September 10, 2021) in relation to the establishment of payment gateway on the mFood platform
“MCC Transactions”	the transactions contemplated under the MCC Online Payment Agreement
“MOP”	Macau patacas, the lawful currency of Macau
“Past Director(s)”	Messrs. Liu Hei Wan, Liu Cheuk Yin, Lao Kin Keong, Liu Cheuk Ming and Vong Chak Kin, being the past directors of Macau Pass S.A., who ceased to act as such on March 24, 2022 upon completion of the Acquisition
“Past Directors Group”	the Past Directors and their respective associates
“Past Directors Transactions”	collectively, the TRANSMAC Transactions and the MCC Transactions

“Share(s)”	ordinary share(s) of HK\$0.002 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TRANSMAC”	TRANSMAC- Transportes Urbanos de Macau, S.A.R.L., a company incorporated under the laws of Macau
“TRANSMAC Transactions”	the transactions contemplated under the Fare Collection System Services Agreement
“%”	per cent

In this announcement, amounts in MOP are translated into HK\$ on the basis of MOP1 = HK\$0.9704. The conversion rate is for illustration purpose only and should not be taken as a representation that MOP could actually be converted into HK\$ at such rate or at all.

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

Hong Kong, June 20, 2022

* *For identification purposes only.*

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

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

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