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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 – 2020 TECHNOLOGY SERVICES FRAMEWORK AGREEMENT

On 20 December 2019, Beijing AGTech, being a wholly-owned subsidiary of the Company, entered into the 2020 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 for the provision of technology services and resources by Alibaba Cloud to the Group for a term commencing on the Effective Date and ending on 31 December 2022. The Company expects that the maximum aggregate fees payable to Alibaba Cloud by the Group under the 2020 Technology Services Framework Agreement will not be more than HK$3,300,000 for the year ending 31 December 2020, HK$4,000,000 for the year ending 31 December 2021 and HK$4,800,000 for the year ending 31 December 2022.

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 2020 Technology Services Framework Agreement thus constitute continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

As each of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the 2020 Technology Services Framework Agreement is less than 5%, the transactions contemplated under the 2020 Technology Services Framework Agreement are subject to the annual review, reporting and announcement requirements, but exempt from the circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

2020 TECHNOLOGY SERVICES FRAMEWORK AGREEMENT

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The principal terms of the 2020 Technology Services Framework Agreement are set out below.

Date

20 December 2019

Parties

1. Beijing AGTech; and

2. Alibaba Cloud.

Duration

The 2020 Technology Services Framework Agreement shall commence on the Effective Date and end on 31 December 2022.

Services to be provided

Pursuant to the 2020 Technology Services Framework Agreement, Beijing AGTech will and will procure the Group to, where applicable, enter into specific agreements with Alibaba Cloud 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 to the Group. The purchase of the technology services and resources shall be made through the Group's Alibaba Cloud account, and the specifications of the Technology Services shall be in accordance with the relevant orders placed by the Group on the official website of Alibaba Cloud (www.aliyun.com).

Service fees, pricing terms and payment terms

The fees for the Technology Services shall be calculated based on the pricing policies published by Alibaba Cloud on its official website(s) from time to time. The Group will enjoy the same discount rates, if any, offered by Alibaba Cloud to their independent customers for similar technology services and resources from time to time. The fees for the Technology Services shall be paid according to the settlement period in number of hours, days or months upon receipt of the invoice at the end of the settlement period.

HISTORICAL AMOUNTS AND ANNUAL CAPS

Prior to entering into the 2020 Technology Services Framework Agreement, the Group had purchased, among other things, technology services and resources of the same nature as the Technology Services from Alibaba Cloud and its subsidiaries pursuant to the terms of a framework agreement dated 25 January 2017 entered between the Company and Alibaba Holding (the "**2017 Framework Agreement**") which is expected to expire on 31 December 2019. For details relating to the 2017 Framework Agreement, please refer to the Company's announcement dated 25 January 2017, circular dated 20 February 2017, announcement dated 29 August 2017 and circular dated 4 December 2017. For the year ended 31 December 2018 and the nine months ended 30 September 2019, the Group had purchased technology services and resources of the same nature as the Technology Services that amounted to approximately HK$1,667,000 and HK$1,511,000, respectively, under the 2017 Framework Agreement.

Pursuant to the 2020 Technology Services Framework Agreement, it is expected that the maximum aggregate fees payable to Alibaba Cloud and its subsidiaries by the Group under the 2020 Technology Services Framework Agreement will not be more than HK$3,300,000 for the year ending 31 December 2020, HK$4,000,000 for the year ending 31 December 2021 and HK$4,800,000 for the year ending 31 December 2022.

These Annual Caps have been primarily estimated based on the Group's expected demand and rate of usage for the Technology Services during the term of the 2020 Technology Services Framework Agreement, the applicable rates of services currently published by Alibaba Cloud on its official website(s), and the discount rates historically offered by Alibaba Cloud to third parties. It is expected that, as a result of the Group's business growth and launch of new initiatives in the coming financial years, the demand for Technology Services will increase and will lead to an increase in the Annual Caps as compared to the historical amounts.

INTERNAL CONTROL MEASURES

The Group has internal controls in place to monitor the utilisation of the Annual Caps. Such internal controls require, among other things, the submission of monthly reports on the accumulated amounts of the transactions contemplated under the 2020 Technology Services Framework Agreement by the business and finance team to the Company's chief financial officer, company secretary and internal auditor. The Company's company secretary shall promptly liaise with the business team as and when the Annual Caps have been 70% utilised to agree and implement measures to control and avoid exceeding any of the Annual Caps. The 2020 Technology Services Framework Agreement includes a customary provision pursuant to which Alibaba Cloud shall generally allow the Company and its auditors access to information necessary to report on the continuing connected transactions. The 2020 Technology Services Framework Agreement also provides that both parties agree that they must abide by the GEM Listing Rules when fulfilling their obligations under any of the terms of such agreement, including but not limited to the Annual Caps. As part of the overall monitoring of the continuing connected transactions of the Group, sample checks will be conducted by the Group's internal audit department at least annually on, among other things, the pricing, payment terms and the utilisation of the Annual Caps.

REASONS FOR ENTERING INTO THE CONTINUING CONNECTED TRANSACTIONS

The Group offers a range of products and services along the entire value chain of the lottery and mobile games and entertainment business in the PRC and selected global markets. The procurement of the Technology Services under the 2020 Technology Services Framework Agreement reflects the Group's strategy of utilising a range of technology services and resources to enhance its offerings so as to improve the user experiences of its domestic and international customers.

Having reviewed the terms of the 2020 Technology Services Framework Agreement, the Directors (including the independent non-executive Directors) are of the view that the terms of the 2020 Technology Services Framework Agreement are fair and reasonable, the transactions contemplated thereunder are on normal commercial terms or better to the Company, and that the entering of the 2020 Technology Services Framework Agreement is in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

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 2020 Technology Services Framework Agreement thus constitute continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

As each of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the 2020 Technology Services Framework Agreement is less than 5%, the transactions contemplated under the 2020 Technology Services Framework Agreement are subject to the annual review, reporting and announcement requirements, but exempt from the circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

INFORMATION ABOUT THE PARTIES

The Company, the Group and Beijing AGTech

The Company was incorporated in Bermuda and its Shares are listed on GEM of the Stock Exchange. The Group is an integrated technology and services company engaged in the lottery and mobile games and entertainment market with a focus on China and selected international markets. A member of the Alibaba Group with around 360 employees, the Group is the exclusive lottery platform of Alibaba Group and Ant Financial Group.

Beijing AGTech is a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Company. It is an investment holding vehicle of the Group which holds Beijing AGTech GOT Technology Co., Ltd,* ("**Beijing GOT**"). Beijing GOT is a leading manufacturer and supplier of lottery terminals in the PRC.

Alibaba Cloud, Alibaba Holding and Alibaba Group

Alibaba Cloud is a company incorporated in the PRC and it primarily involves in the operation of Alibaba Group's cloud computing business.

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

Alibaba Group's mission is to make it easy to do business anywhere. Alibaba Group aims to build the future infrastructure of commerce and envisions that its customers will meet, work and live at Alibaba, and that it will be a company that lasts at least 102 years. Alibaba Group's businesses are comprised of core commerce, cloud computing, digital media and entertainment and innovation initiatives.

DEFINITIONS

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

* *For identification purposes only*

"Ali Fortune"	Ali Fortune Investment Holding Limited, a company incorporated under the laws of the British Virgin Islands
"Annual Caps"	the annual cap amounts under the 2020 Technology Services Framework Agreement
"Ant Financial"	浙江螞蟻小微金融服務集團股份有限公司 (Ant Small and Micro Financial Services Group Co., Ltd.*), a company incorporated in the PRC
"Ant Financial Group"	Ant Financial and its subsidiaries
"associate(s)", "connected person(s)", "controlling shareholder(s)" and "subsidiary(ies)"	each has the meaning ascribed to it under the GEM Listing Rules
"Beijing AGTech"	Beijing AGTech Co., Ltd* (北京亞博科技有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
"Board"	the board of Directors
"Company"	AGTech Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the GEM of the Stock Exchange
"Director(s)"	the director(s) of the Company
"Effective Date"	the effective date of the 2020 Technology Services Framework Agreement, being 1 January 2020
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Group"	the Company and each of its subsidiaries from time to time
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"PRC"	the People's Republic of China
"Share(s)"	ordinary share(s) in the issued capital of the Company with a nominal value of HK$0.01

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Technology Services"	the services and resources to be procured by the Group from Alibaba Cloud and its subsidiaries pursuant to the terms of the 2020 Technology Services Framework Agreement
"%"	per cent
"2020 Technology Services Framework Agreement"	the framework agreement dated 20 December 2019 entered into between Beijing AGTech and Alibaba Cloud

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

Hong Kong, 20 December 2019

As at the date of this announcement, the Board comprises (i) Mr. Sun Ho and Ms. Hu Taoye as executive Directors; (ii) Mr. Yang Guang, Mr. Li Faguang, Mr. Ji Gang and Mr. Zou Liang as non-executive Directors; and (iii) Ms. Monica Maria Nunes, Mr. Feng Qing and Dr. Gao Jack Qunyao 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 GEM website operated by the Stock Exchange at www.hkgem.com for at least seven days from the day of its posting and will be published on the website of the Company at www.agtech.com.