



AGTech Announces Third Quarterly Results For The Nine Months Ended 30 September 2020

(Hong Kong, November 10, 2020) – AGTech Holdings Limited (“AGTech” or the “Group”, HKEX stock code:08279), a leading integrated lottery, games and entertainment technology company in China, today announced the third quarterly results for the nine months ended 30 September 2020.

According to Ministry of Finance of the PRC figures, during the Nine-Month Period, lottery market recorded sales of approximately RMB230.6 billion, a decrease of approximately 27.0% compared to the corresponding period in 2019. Of this, Welfare Lottery amounted to approximately RMB101.9 billion, representing a decrease of approximately 28.8% compared to the corresponding period in 2019. The Sports Lottery achieved sales of approximately RMB128.7 billion, representing a decrease of approximately 25.4% compared to the corresponding period in 2019. The drop in sales was mainly due to the impact of Novel Coronavirus (“COVID-19”) outbreak while the business hours of lottery sales outlets were significantly reduced.

On 23 October 2020, the Ministry of Finance, the Ministry of Civil Affairs and the General Administration of Sport of the PRC jointly announced the Joint Notice in relation to the proposed cessation of the sales of quick-draw welfare lottery games (福利彩票快開遊戲) and high frequency sports lottery games (體育彩票高頻遊戲) from 1 November 2020 or after the Chinese New Year of 2021, as the case may be. At the same time, the Group received a written implementation letter dated 23 October 2020 from the Jiangsu Sports Lottery Administration Centre (the “SLAC”) in relation to the cessation of the sales of e-Ball Lottery with effect from 1 November 2020. As a result of the Joint Notice, the sales of Lucky Racing, as a high frequency sports lottery game, shall also cease after the Chinese New Year of 2021. The Group is assessing internally the impact on the Group and may take appropriate actions to safeguard the overall interest of the Group.

AGTech’s Hardware division primarily supplies the Sports Lottery and the Welfare Lottery and has hardware deployed in multiple provinces, cities, municipalities and autonomous regions across China. During the Nine-Month Period, the Group won 13 lottery hardware tenders to supply lottery terminals to the SLACs in Anhui, Shanxi, Hubei, Jilin, Guizhou, Tianjin, Nei Mongol, Hebei, Fujian, Sichuan, Zhejiang and Henan provinces of the PRC. The Group will continue to pursue tenders to supply to the lottery and other hardware market and bid for new contracts after resumption of tenders post COVID-19 delays.

Our 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 our lottery initiatives. We also anticipate a gradual rollout of our SaaS (Software-as-a-Service) platform aiming to serve and benefit users from all sectors within the lottery supply chain. Our platform is expected to be well equipped for applications within the Alibaba digital ecosystem, in anticipation of any potential change in distribution channels other than the current retail model.

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the Nine-Month Period amounted to approximately HK\$106.1 million, representing a decrease of approximately 10.2% over the corresponding period in 2019. Revenue contributions were mainly derived from lottery hardware, lottery games and systems, provision of lottery distribution and ancillary services, games and entertainment business in the PRC.
- The decrease in revenue for the Nine-Month Period was primarily caused by the decrease in sales of lottery hardware of approximately HK\$19.9 million and decrease of approximately HK\$3.6 million in revenue from games and entertainment division, partially offset by an increase of approximately HK\$10.0 million from the lottery games and systems.
- The decrease in revenue from hardware business was due to a significant decrease in total national hardware tenders in the last three quarters, slower tendering processes and hardware deliveries as compared to the corresponding period

in 2019 as a result of the COVID-19 pandemic. The increase in revenue from the lottery games and systems was caused by the increase in sales volume from the virtual sports lottery games.

-END-

About AGTech Holdings Limited

AGTech was incorporated in Bermuda and its shares are listed on the GEM (Stock Code: 08279). AGTech 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 320 employees, AGTech is the exclusive lottery platform of Alibaba Group and Ant Group.

AGTech's businesses are broadly divided into two categories:

- Lottery (including hardware, games and systems, provision of distribution and ancillary services); and
- Games and Entertainment.

AGTech is a Gold Contributor of the World Lottery Association (WLA), an associate member of the Asia Pacific Lottery Association (APLA), and an official partner of the International Mind Sports Association (IMSA).

For more information, please visit www.agtech.com