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AGTech Holdings Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 8279



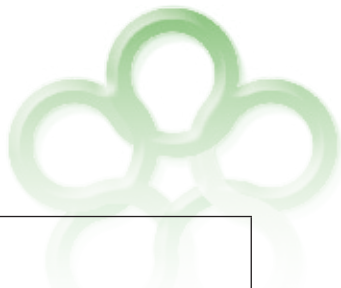
CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (“STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, 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.

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This report, for which the directors (the “Directors”) of AGTech Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (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: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.



HIGHLIGHTS

- Total revenue of the Group for the Three-Month Period amounted to approximately HK\$18.4 million, an increase of approximately HK\$7.8 million or 74.5% from the corresponding period in 2009. Gross margin stood at 55.2%, an increase of 27.2% from 28.0% of the corresponding period in 2009. All revenue was derived from provision of sports lottery management and marketing consultancy services and supply of sports lottery sales terminals (and accessories).
- Loss from business operations amounted to approximately HK\$6.8 million, demonstrating an improvement of approximately HK\$2.7 million or 28.2% over the corresponding period in 2009.
- Loss attributable to owners of the Company for the Three-Month Period amounted to approximately HK\$20.6 million, primarily due to (i) the share-based payment expense (totalling approximately HK\$6.4 million for the Three-Month Period) as a result of the adoption of Hong Kong Financial Reporting Standard 2 *Share-based Payment* for share options of the Company granted to directors, eligible employees and other eligible participants under the Share Option Scheme of the Company; and (ii) the amortisation of other intangible assets (totalling approximately HK\$9.8 million for the Three-Month Period). Compared with the corresponding period in 2009, loss attributable to owners of the Company shows an improvement of approximately HK\$12.8 million or 38.4%.
- The Board does not recommend the payment of an interim dividend for the Three-Month Period.

FIRST QUARTERLY RESULTS

The board of directors (the "Board") of AGTech Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the three months ended 31 March 2010 (the "Three-Month Period"), together with the comparative unaudited figures for the corresponding period in 2009 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

		Three months ended 31 March	
	Notes	2010 HK\$	2009 HK\$
			(As restated)
Continuing operations			
Revenue	2	18,359,293	10,522,808
Cost of sales and services		(8,226,110)	(7,571,922)
Gross profit		10,133,183	2,950,886
Bank interest income		192,881	849,249
Other cost		-	(2,160)
Selling and administrative expenses		(17,132,099)	(13,272,968)
Loss from business operations		(6,806,035)	(9,474,993)
Share-based payments		(6,417,234)	(15,426,065)
Net foreign exchange loss		(12,646)	(109,633)
Amortisation of other intangible assets		(9,840,776)	(9,870,593)
Loss before tax		(23,076,691)	(34,881,284)
Income tax	3	1,363,944	2,467,323
Loss for the period from continuing operations		(21,712,747)	(32,413,961)
Discontinued operation			
Loss for the period from discontinued operation		-	(1,119,904)
Loss for the period		(21,712,747)	(33,533,865)
Loss attributable to:			
Owners of the Company		(20,588,502)	(33,415,049)
Non-controlling interests		(1,124,245)	(118,816)
		(21,712,747)	(33,533,865)
Loss per share			
From continuing and discontinued operations			
Basic and diluted	4	HK0.574 cent	HK0.933 cent



Notes	Three months ended 31 March	
	2010 HK\$	2009 HK\$ (As restated)
Loss for the period	(21,712,747)	(33,533,865)
Other comprehensive income		
Exchange differences on translating foreign operations	1,984,208	(1,138,283)
Other comprehensive income for the period, net of tax	1,984,208	(1,138,283)
Total comprehensive income for the period	(19,728,539)	(34,672,148)
Total comprehensive income attributable to:		
Owners of the Company	1,982,848	(1,133,944)
Non-controlling interests	1,360	(4,339)
Total comprehensive income for the period	(19,728,539)	(34,672,148)



Notes:

(1) BASIS OF PREPARATION OF THE ACCOUNTS

The unaudited condensed consolidated accounts have been prepared in accordance with the requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “GEM Listing Rules”), accounting principles generally accepted in the Hong Kong Special Administrative Region of the People’s Republic of China (“Hong Kong”) which include Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The condensed consolidated accounts have not been audited by the Company’s auditors, but have been reviewed and commented on by the Company’s audit committee. The principal accounting policies and methods of computation used in preparing these results are consistent with those used in preparing the Group’s audited financial statements for the six months ended 31 December 2009.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (the “new and revised HKFRSs”).

The Group has not early adopted the new and revised HKFRSs that have been issued but are not yet effective, the Group is in the process of assessing the impact of these new and revised HKFRSs on the financial performance and financial position of the Group.

(2) REVENUE

Revenue represents the amounts received and receivable from provision of sports lottery management and marketing consultancy services, supply of sports lottery sales terminals (and accessories) and provision of lottery advisory service in the People’s Republic of China (“China” or the “PRC”) during the Three-Month Period.

(3) INCOME TAX

Income tax for the Three-Month Period represents the net amount of deferred taxation credit of approximately HK\$2.5 million and PRC profits tax of approximately HK\$1.1 million.

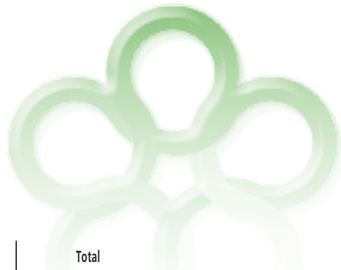
(4) LOSS PER SHARE

The calculation of basic and diluted loss per share for the Three-Month Period is based on the unaudited loss attributable to owners of the Company of HK\$20,588,502 (2009: HK\$33,415,049) and the weighted average number of 3,584,584,306 (2009: 3,580,085,000) shares in issue during the period.

The computation of the diluted loss per share does not assume the exercises of the Company’s share options as their exercises would decrease the loss per share for both periods.

(5) DIVIDEND

The Board does not recommend the payment of an interim dividend for the Three-Month Period (2009: Nil).

**(6) SHARE CAPITAL AND RESERVES**

	Share capital HK\$	Share premium HK\$	Share options reserve HK\$	Statutory reserve HK\$	Exchange reserve HK\$	Contributed surplus HK\$	Accumulated losses HK\$	Total attributable to owners of the Company HK\$	Non-controlling interests HK\$	Total equity HK\$
At 1 January 2010	7,163,670	999,549,566	237,650,324	1,157,470	89,126,794	47,191,476	(379,356,737)	1,002,482,563	3,059,879	1,005,542,442
Loss for the period	-	-	-	-	-	-	(20,588,502)	(20,588,502)	(1,124,245)	(21,712,747)
Other comprehensive income for the period	-	-	-	-	1,982,848	-	-	1,982,848	1,360	1,984,208
Total comprehensive income for the period	-	-	-	-	1,982,848	-	(20,588,502)	(18,605,654)	(1,122,885)	(19,728,539)
Recognitions of equity-settled share-based payments	-	-	6,417,234	-	-	-	-	6,417,234	-	6,417,234
Shares issued on exercises of parts of share options	13,375	9,277,520	(7,820,983)	-	-	-	-	1,469,912	-	1,469,912
At 31 March 2010	7,177,045	1,008,827,086	236,246,575	1,157,470	91,109,642	47,191,476	(399,945,239)	991,764,055	1,936,994	993,701,049
At 1 January 2009	7,160,170	998,518,599	207,346,559	310,757	89,602,418	58,299,875	(294,110,867)	1,067,127,511	3,479,753	1,070,607,264
Loss for the period	-	-	-	-	-	-	(33,415,049)	(33,415,049)	(118,816)	(33,533,865)
Other comprehensive income for the period	-	-	-	-	(1,133,944)	-	-	(1,133,944)	(4,339)	(1,138,283)
Total comprehensive income for the period	-	-	-	-	(1,133,944)	-	(33,415,049)	(34,548,993)	(123,155)	(34,672,148)
Recognitions of equity-settled share-based payments	-	-	10,242,272	-	-	-	5,183,793	15,426,065	-	15,426,065
At 31 March 2009	7,160,170	998,518,599	217,588,831	310,757	88,468,474	58,299,875	(322,342,123)	1,048,004,583	3,356,598	1,051,361,181

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is positioned as a leading high-tech company that specializes in sports leisure and sports lottery in the PRC.

Business Review

During the Three-Month Period, the Group continued to focus on its major businesses related to sports lottery including provision of sports lottery management and marketing consultancy services and supply of sports lottery sales terminals (and accessories) to its customers – provincial sports lottery administration centres (“SLACs”) or authorised sports lottery operators in the PRC.



During the Three-Month Period, the Group continued to assist its customers to set up and manage lottery shops “Lottery Star Shop” (星彩店), and at the same time maintained close cooperation with retail chains, such as Suguo Supermarket Co., Ltd., which is the largest supermarket chain in Jiangsu province, by offering sports lottery scratch tickets through their sales outlets. By 31 March 2010, retail outlets of the Group’s customers spanned over 8 provinces and municipality in the PRC. Lottery games sold through these lottery shops and retail chains include lotto, scratch and the latest single match betting sports lottery games, Jing Cai (競彩). The Directors trust that such comprehensive lottery retail network will facilitate the Group to launch new lottery games and systems more effectively.

For the game software and system business, the Group’s joint venture with Ladbroke Group (a subsidiary of a reputable United Kingdom gaming company, Ladbrokes PLC) has successfully developed the high frequency virtual car racing game, “Lucky Racing” (幸運賽車), and its related open sports betting platform, which are expected to be launched in the market in the forthcoming future.

Business Outlook

On 5 March 2010, the Company announced a major transaction to acquire an indirect 35% equity interest in 北京長城高騰信息產品有限公司 (Beijing Greatwall GOT Information Products Co., Ltd.*) (“GOT”) (the “Acquisition”). GOT is one of the largest terminal and system providers for sports lottery in the PRC. With over 10 years of industry experience, it has built up superior research and development abilities in sports lottery sales terminals and systems and developed an extensive sales network in over 20 provinces and cities in the PRC. Considering GOT is an established key industry player with cutting-edge technologies and is strongly supported by its controlling shareholder, China Electronics Corporation (“CEC”), the directors of the Company (the “Directors”) believe that GOT is in a good position to develop new sports lottery projects for the government of the PRC.

The Directors consider that the Acquisition would not only broaden the Group’s income source and maximise returns for shareholders but would also benefit all business divisions of the Group by providing excellent opportunities to further extend its sales network coverage into more provinces and cities in the PRC, thereby enhancing its market competitiveness and achieving potential synergies. Furthermore, the Directors believe that the Acquisition will enhance the Group’s new product research and development capabilities, in particular, the Group’s self-mastered innovation capabilities. The Group is able to rapidly establish a dynamic information technology platform to capture any future market opportunities in the PRC sports lottery industry through the Acquisition.



As mentioned in the Company's annual report 2009 for the six-month period ended 31 December 2009, it is expected that the forthcoming major sport events, including 2010 South Africa World Cup, 2010 Guangzhou Asian Games and the yearly NBA games in the United States of America, are set to boost the sports development in China, thereby further fuelling the demand for sports lottery. It is expected that the SLACs and the relevant authorities will demand more advanced sports lottery sales terminals, systems and technologies to cope with such market opportunities.

Furthermore, the Company announced on 27 April 2010 that the Group has been granted an exclusive authorisation by China Sport Information Centre of the General Administration of Sport of China ("CSIC") to act as the sole operator to organize, manage and operate all relevant official commercial activities for e-sports development in the PRC.

China's e-sports has tremendous market potential, it is expected that the revenue of this industry will be increased following more Chinese internet users becoming e-sports enthusiasts in the events in the future. The Directors believe that it is a unique investment opportunity to enter into China's rapidly developing e-sports industry. By doing so, the Group can expand its assets and earnings base and further strengthen its market position in sports leisure and sports lottery industry in the PRC. The cooperation is consistent with the Group's existing business model and enables the Group to expand its business into new business segment within sports leisure and sports lottery industry in China.

In the future, the Group will continue to seek for potential business partners and forge more strategic business alliances, with a view to increasing its market share and ultimately maximizing returns for shareholders. In addition to vigorously capturing the business opportunities emerging from the rapid growth of the PRC sports leisure and sports lottery industry, the Group will continue to place great emphasis on maintaining close ties with major business partners.

* For identification purpose only

Financial Performance Review

For the Three-Month Period, the Group made approximately HK\$18.4 million in revenue, an increase of approximately 74.5% against the corresponding period in 2009, gross profit for the Three-Month Period amounted to approximately HK\$10.1 million, an increase of approximately HK\$7.2 million or three folds from the corresponding period in 2009. Gross margin stood at 55.2%, an increase of 27.2% from 28.0% of the corresponding period in 2009. All the revenue was derived from provision of sports lottery management and marketing consultancy services and supply of sports lottery sales terminals (and accessories).

Loss from business operations amounted to approximately HK\$6.8 million, demonstrating an improvement of approximately HK\$2.7 million or 28.2% over the corresponding period in 2009. Loss attributable to owners of the Company for the Three-Month Period amounted to approximately HK\$20.6 million, an improvement of approximately HK\$12.8 million or 38.4% against the loss of approximately HK\$33.4 million in corresponding period in 2009. The decrease in loss of the Group was primarily attributable to (i) the increase in revenue (amounting to approximately HK\$18.4 million for the Three-Month period when compared to approximately HK\$10.5 million for the corresponding period in 2009), and (ii) the decrease in share-based payment expense (amounting to approximately HK\$6.4 million for the Three-Month Period when compared to approximately HK\$15.4 million for the corresponding period in 2009).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES OF HK\$0.002 EACH IN THE CAPITAL OF THE COMPANY ("SHARES"), UNDERLYING SHARES AND DEBENTURES

As at 31 March 2010, the interests and short positions of the Directors and chief executives 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 Securities and Futures Ordinance ("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 5.46 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 ordinary Shares:

Name of Director	Number of Shares			Approximate percentage held
	Personal interest	Corporate interest	Total	
Mr. Sun Ho	27,078,000	2,006,250,000	2,033,328,000	56.66%
		(Note 1)		
Mr. Bai Jinmin	3,343,750	44,876,600	48,220,350	1.34%
		(Note 2)		
Mr. Liang Yu	3,343,750	–	3,343,750	0.09%
Ms. Yang Yang	400,000	–	400,000	0.01%
Mr. Wang Ronghua	2,275,000	–	2,275,000	0.06%
Mr. Hua Fengmao	1,355,000	–	1,355,000	0.04%



Notes:

1. These 2,006,250,000 Shares were held in the name of MAXPROFIT GLOBAL INC. As MAXPROFIT GLOBAL INC is beneficially and wholly-owned by Mr. Sun Ho, an executive Director and chairman of the Company, Mr. Sun was deemed to be interested in such Shares.
 2. These 44,876,600 Shares were held in the name of Fine Bridge International Limited. Fine Bridge International Limited is beneficially and wholly-owned by HB Resources Investment Limited, which in turn is beneficially and wholly-owned by Mr. Bai Jinmin, an Executive Director of the Company. Accordingly, HB Resources Investment Limited and Mr. Bai were deemed to be interested in such Shares.
- b. Long position in the underlying Shares in respect of the share options of the Company (which were regarded as unlisted physically settled equity derivatives):

Name of Director	Date of grant	Exercise price per Share (HK\$)	Exercisable period	Number of underlying Shares entitled (in respect of share options of the Company)			As at 31 March 2010
				As at 1 January 2010	Granted during the Three-Month Period	Exercised during the Three-Month Period	
Mr. Robert Geoffrey Ryan	9-10-2008	0.2198	9-10-2009 – 8-10-2013	13,375,000	–	–	13,375,000 (representing approximately 0.37% of the issued share capital of the Company) (Note)
Mr. Bai Jinmin	9-10-2008	0.2198	9-10-2009 – 8-10-2013	13,375,000	–	(3,343,750)	10,031,250 (representing approximately 0.28% of the issued share capital of the Company) (Note)
Mr. Liang Yu	9-10-2008	0.2198	9-10-2009 – 8-10-2013	13,375,000	–	(3,343,750)	10,031,250 (representing approximately 0.28% of the issued share capital of the Company) (Note)
Ms. Yang Yang	9-10-2008	0.2198	9-10-2009 – 8-10-2013	1,337,500	–	–	1,337,500 (representing approximately 0.037% of the issued share capital of the Company) (Note)

Note: A portion of the option representing 25% of the total underlying Shares entitled under such option shall be vested in the grantee of the option in each of the four years during the exercisable period. If the grantee does not exercise such portion of the option within one year after it has been vested in him/her, such portion of the option will lapse.

Save as disclosed above, as at 31 March 2010, none of the Directors or chief executives of the Company had any interests or short positions in the Shares, underlying Shares (in respect of share options of the Company which were regarded as unlisted physically settled equity derivatives) and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (a) were required 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); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to Rules 5.46 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 AND UNDERLYING SHARES AND DEBENTURES

As at 31 March 2010, so far as was known to the Directors or chief executives of the Company, the following persons (not being Directors or chief executives of the Company) had, or were deemed to have, interests and long positions in the Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or, were expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital and recorded in the register kept by the Company pursuant to section 336 of the SFO:

Interests in the Shares:

Name of shareholder	Capacity	Number of Shares held	Approximate percentage of issued share capital of the Company
MAXPROFIT GLOBAL INC	Beneficial owner (Note)	2,006,250,000	55.91%

Note: As disclosed above, Mr. Sun Ho was deemed to be interested in these 2,006,250,000 Shares by virtue of his interest in MAXPROFIT GLOBAL INC.



Save as disclosed above, as at 31 March 2010, the Directors or chief executives of the Company were not aware of any other substantial shareholder (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 who was expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital and recorded in the register kept by the Company pursuant to section 336 of the SFO.

INTERESTS OF OTHER PERSONS

As at 31 March 2010, apart from the interests in the Shares, underlying Shares and debentures of the Company and its associated corporations held by the Directors, chief executives 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.

MANAGEMENT SHAREHOLDERS

So far as the Directors are aware, other than Mr. Sun Ho as disclosed above, there was no other person during the Three-Month Period who was directly or indirectly interested in 5% or more of the Shares then in issue and who was able, as a practical matter, to direct or influence the management of the Company.

INTERESTS IN COMPETING BUSINESS

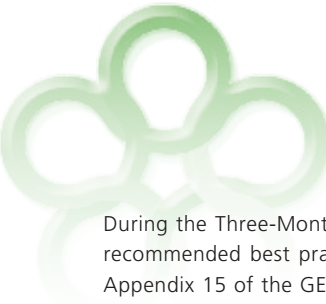
During the Three-Month period, none of the Directors or the controlling shareholder of the Company had an interest in a business, which competes or may compete with the business of the Group.

AUDIT COMMITTEE

The audit committee of the Company comprises three independent non-executive Directors, namely, Mr. Kwok Wing Leung Andy, Mr. Wang Ronghua and Mr. Hua Fengmao. The unaudited consolidated first quarterly results of the Group for the Three-Month Period have been reviewed and commented on by the audit committee.

CORPORATE GOVERNANCE

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 of the Company.



During the Three-Month period, the Company has adopted the code provisions and certain recommended best practices in the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules, except that:

- under the code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The roles of chairman and chief executive officer of the Company were performed by the executive Director, Mr. Sun Ho, during the Three-Month Period. The Company considered that the combination of the roles of chairman and chief executive officer could effectively formulate and implement the strategies of the Company. The Company considered that under the supervision of its Board and its independent non-executive Directors, a balancing mechanism existed so that the interests of shareholders were adequately and fairly represented. The Company considered that there was no imminent need to change the arrangement; and
- under the code provision A.4.2, every Director should be subject to retirement by rotation at least once every three years. During the Three-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.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the Three-Month Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

By order of the Board
AGTech Holdings Limited
SUN Ho
Chairman

Hong Kong, 13 May 2010

As at the date of this report, the Board comprises (i) Mr. Sun Ho, Mr. Robert Geoffrey Ryan, Mr. Bai Jinmin and Mr. Liang Yu as executive Directors; (ii) Ms. Yang Yang as non-executive Director; and (iii) Mr. Wang Ronghua, Mr. Hua Fengmao and Mr. Kwok Wing Leung Andy as independent non-executive Directors.