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AGTech Holdings Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 8279



2010 Third Quarterly Report



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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 the information contained in this report 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 report misleading.



HIGHLIGHTS

- Total revenue of the Group for the Nine-Month Period amounted to approximately HK\$61.2 million, an increase of approximately HK\$19.9 million or 48.2% from the corresponding period in 2009. Gross margin stood at 57.9%, an increase of 7.7% from 50.2% of the corresponding period in 2009. The revenue was mainly derived from provision of sports lottery management and gaming technologies business in the PRC.
- Loss from business operations amounted to approximately HK\$10.9 million, demonstrating an improvement of approximately HK\$10.2 million or 48.3% over the corresponding period in 2009.
- Loss attributable to owners of the Company for the Nine-Month Period amounted to approximately HK\$43.3 million, primarily due to (i) the share-based payment expense (totalling approximately HK\$10.4 million for the Nine-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\$29.9 million for the Nine-Month Period). Compared with the corresponding period in 2009, loss attributable to owners of the Company shows an improvement of approximately HK\$30.0 million or 40.9%.
- The Board does not recommend the payment of an interim dividend for the Nine-Month Period.



THIRD 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 30 September 2010 (the "Three-Month Period") and the nine months ended 30 September 2010 (the "Nine-Month Period"), together with the comparative unaudited figures for the corresponding period in 2009 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three and nine months ended 30 September 2010

	Notes	Three months ended		Nine months ended	
		30 September 2010 HK\$	2009 HK\$ (As restated)	30 September 2010 HK\$	2009 HK\$ (As restated)
Continuing operations					
Revenue	2	21,174,298	14,486,770	61,197,480	41,294,061
Cost of sales and services		(8,858,551)	(5,928,252)	(25,778,789)	(20,547,561)
Gross profit		12,315,747	8,558,518	35,418,691	20,746,500
Bank interest income		955,399	902,728	1,984,385	2,181,649
Share of profits of an associate		1,047,570	–	2,633,544	–
Other revenue/(cost)		22,625	(25,233)	38,439	1,183,371
Selling and administrative expenses		(17,355,818)	(15,375,512)	(51,010,940)	(45,251,000)
Loss from business operations		(3,014,477)	(5,939,499)	(10,935,881)	(21,139,480)
Share-based payments		2,105,908	(6,430,808)	(10,425,886)	(28,368,768)
Net foreign exchange gain/(loss)		322,204	(14,168)	(5,489)	(95,320)
Amortisation of other intangible assets		(10,111,814)	(9,825,997)	(29,879,103)	(29,514,118)
Loss before tax		(10,698,179)	(22,210,472)	(51,246,359)	(79,117,686)
Income tax	3	2,132,376	1,553,162	5,513,452	4,568,311
Loss for the period from continuing operations		(8,565,803)	(20,657,310)	(45,732,907)	(74,549,375)



	Three months ended		Nine months ended	
	30 September		30 September	
Notes	2010	2009	2010	2009
	HK\$	HK\$	HK\$	HK\$
		(As restated)		(As restated)
Discontinued operation				
Loss for the period from discontinued operation	-	(30,897)	-	(614,228)
Loss for the period	(8,565,803)	(20,688,207)	(45,732,907)	(75,163,603)
Loss attributable to:				
Owners of the Company	(8,127,913)	(20,424,184)	(43,311,405)	(73,282,512)
Non-controlling interests	(437,890)	(264,023)	(2,421,502)	(1,881,091)
	(8,565,803)	(20,688,207)	(45,732,907)	(75,163,603)
Loss per share				
From continuing and discontinued operations				
Basic and diluted	4	HK0.223 cent	HK0.570 cent	HK1.196 cents
			HK2.047 cents	
Loss for the period	(8,565,803)	(20,688,207)	(45,732,907)	(75,163,603)
Other comprehensive income				
Exchange differences on translating foreign operations	11,482,957	642,383	20,887,729	(415,443)
Total comprehensive income for the period	2,917,154	(20,045,824)	(24,845,178)	(75,579,046)
Total comprehensive income attributable to:				
Owners of the Company	3,346,232	(19,783,611)	(22,439,479)	(74,346,685)
Non-controlling interests	(429,078)	(262,213)	(2,405,699)	(1,232,361)
Total comprehensive income for the period	2,917,154	(20,045,824)	(24,845,178)	(75,579,046)



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 (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 gaming technologies business in the People’s Republic of China (“China” or the “PRC”) during the Three-Month Period and Nine-Month Period.

(3) INCOME TAX

Income tax for the Nine-Month Period represents the net amount of deferred taxation credit of approximately HK\$7.5 million and PRC profits tax of approximately HK\$2.0 million.

(4) LOSS PER SHARE

The calculation of basic and diluted loss per share for the Three-Month Period and the Nine-Month Period is based on the unaudited loss attributable to owners of the Company of HK\$8,127,913 and HK\$43,311,405 respectively (three months and nine months ended 30 September 2009: net loss of HK\$20,424,184 and HK\$73,282,512 respectively), and the weighted average number of 3,650,894,082 and 3,621,692,636 ordinary shares in issue during the Three-Month Period and the Nine-Month Period respectively (three months and nine months ended 30 September 2009: 3,581,335,000 and 3,580,675,659 ordinary shares in issue).

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 Nine-Month Period (2009: Nil).

(6) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	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	-	-	-	-	-	-	(43,311,405)	(43,311,405)	(2,421,502)	(45,732,907)
Other comprehensive income for the period	-	-	-	-	20,871,926	-	-	20,871,926	15,803	20,887,729
Total comprehensive income for the period	-	-	-	-	20,871,926	-	(43,311,405)	(22,439,479)	(2,405,699)	(24,845,178)
Recognitions of equity-settled share-based payments	-	-	15,824,167	-	-	-	-	15,824,167	-	15,824,167
Shares issued on exercises of parts of share options	24,563	16,852,166	(14,179,559)	-	-	-	-	2,697,170	-	2,697,170
Lapse of share options	-	-	(15,757,116)	-	-	-	-	(5,398,282)	-	(5,398,282)
Shares issued on acquisition of a subsidiary	115,788	23,331,282	-	-	-	-	-	23,447,070	-	23,447,070
Transfer to accumulated losses	-	-	-	(169,165)	-	-	(1,437)	(170,602)	-	(170,602)
At 30 September 2010	7,304,021	1,039,733,014	223,537,816	988,305	109,998,720	47,191,476	(412,310,745)	1,016,442,607	654,180	1,017,096,787
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	-	-	-	-	-	-	(73,282,512)	(73,282,512)	(1,881,091)	(75,163,603)
Other comprehensive income for the period	-	-	-	-	(1,064,173)	-	-	(1,064,173)	648,730	(415,443)
Total comprehensive income for the period	-	-	-	-	(1,064,173)	-	(73,282,512)	(74,346,685)	(1,232,361)	(75,579,046)
Recognitions of equity-settled share-based payments	-	-	28,368,768	-	-	-	-	28,368,768	-	28,368,768
Shares issued on exercise of part of a share option	2,500	325,000	(55,000)	-	-	-	-	272,500	-	272,500
Lapse of share options	-	-	(3,830,170)	-	-	-	-	3,830,170	-	-
Transfer to profit or loss on disposal of a subsidiary	-	-	-	-	53,553	-	-	53,553	(255,535)	(201,982)
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	4,900,000	4,900,000
At 30 September 2009	7,162,670	998,843,599	231,830,157	310,757	88,591,798	58,299,875	(363,563,209)	1,021,475,647	6,891,857	1,028,367,504



MANAGEMENT DISCUSSION AND ANALYSIS

As a leading sports lottery and sports leisure company in the PRC, the Group is principally engaged in (i) lottery management and gaming technologies business and (ii) sports and media business.

In the Nine-Month Period, the revenue of the Group increased by 48.2% to approximately HK\$61.2 million (corresponding period in 2009: approximately HK\$41.3 million). Gross profit surged by 70.7% to approximately HK\$35.4 million (corresponding period in 2009: approximately HK\$20.7 million) with gross profit margin rising from 50.2% to 57.9%. Loss from business operations decreased by 48.3% to approximately HK\$10.9 million (corresponding period in 2009: approximately HK\$21.1 million). The Group's gradually improving financial performance reflected its continuous efforts in adopting stringent cost control measures, streamlining business structure to enhance operational efficiency as well as strengthening the Group's position to enhance its competitive edges in the market.

The Group has had a very successful period with respect to strategic business development in obtaining further long-term contracts in the PRC sports lottery and sports leisure sector. During the period under review, the two key areas of success are the Group's entry into the lottery system and game technology provision market and the Group's exclusive position with respect to e-sports in the PRC. The Group is now in the process of preparing the rollout of these new business lines continuously during early 2011 and expects that these business lines shall provide significant growth and additional opportunities for the Group.

Business Review

Lottery Management and Gaming Technologies Business


During the period under review, the Group achieved a major breakthrough in its lottery business in China: the Group's majority-owned joint venture with Ladbroke Group (a world-leader in betting and gaming markets, based in the United Kingdom) successfully obtained government approvals for the launch of a new rapid-draw fixed-odds sports lottery platform and its initial game, named "Lucky Racing" ("幸運賽車"). This achievement marks the first legitimate rapid-draw sports lottery platform and game in China approved by the lottery industry regulator (the Ministry of Finance) pursuant to the new lottery regulations. The Group is proud to become the first international provider to supply a world-class nationwide rapid-draw fixed-odds sports lottery central betting system and associated games in China.



Currently, the sports betting platform has been successfully built and deployed in the sports lottery central data centre and both the betting platform and the initial game software have been tested and certified by the Ministry of Finance authorised third party testing authority. The fixed odds betting game Lucky Racing shall be first launched and field-tested in the province of Hunan. Moreover, the relevant lottery authorities are also preparing appropriate venues (lottery shops and leisure venues), marketing campaigns and other logistics necessary to prepare for and launch the live game operations.

Apart from being able to be played within existing dedicated sports lottery shops and leisure venues, Lucky Racing and further games to be launched on the betting platform of similar nature are highly suited as a potential lottery games for the expansive PRC internet and phone distribution channels. The Board believes that such new forms of lottery games and distribution channels can have extensive reach and have the additional very important benefit of being able to access the rapidly growing demographic segment of middle to high-income players in the PRC. Arguably, this higher leisure spend enabled demographic segment has not adequately been penetrated by the existing legitimate market product and distribution channels. The Board believes that the Group's newly approved betting system and game types are designed for and are highly suited for not only the existing distribution market but also higher yield per player markets and advanced distribution methods and hence will become a key potential growth driver for the Group and the Chinese sports lottery market. For more information, please refer to the announcement published by the Company on 8 September 2010.

In addition, during the period under review, the Group's gaming technologies projects and strategic business development have sustained good momentum and have been making steady business progress. The Group is committed to delivering world-class innovative solutions to satisfy the requirements of the Chinese authorities and entertainment needs of lottery public, and has continuously devoted efforts and resources on research and development of gaming technologies. In the Nine-Month Period, the Group has continued its focus on several business development projects such as self-service terminals, portable terminals, as well as other new lottery games, systems, equipment and technologies. The Group's international strategic partners for many of these projects are amongst the world's gaming and wagering industry giants in their respective fields.



The Group's lottery management business (which is the Group's foundation business in the PRC lottery market), has maintained a stable growth with revenue and profit margins improved steadily. Also, the enhancement in operational efficiency and effectiveness has helped the Group strengthen its leading position as a reliable supplier of quality lottery products and services in the Chinese sports lottery market. These lottery management services compose primarily of: direct and franchise retail shop management, lottery sales through partnerships with major retailers (like supermarkets, convenience stores and so forth) as well as lottery sales, marketing and promotion management. The Board believes that the services and corresponding infrastructure and experience built and developed over time in the field necessary to perform the services have created a seasoned backbone of management and talent skill. Thriving on the ground experience and insight into the needs and operations of the market and as a result, the Group is apt to win and execute large multi-disciplinary/diverse projects for the lottery authorities in the PRC. By 30 September 2010, the footprints of the Group's sports lottery business cover 9 provinces and municipalities across China backed by advanced systems, processes and expertise of the Group.

Furthermore, the Group's 35% investment in 北京長城高騰信息產品有限公司 (Beijing Greatwall GOT Information Products Co., Ltd.) ("GOT"), one of the largest terminal and system providers for China's sports lottery market with advanced R&D and innovation capabilities, has provided a stable revenue stream to the Group. During the review period, GOT has successfully achieved its performance target and made satisfactory contribution to the Group. With over 10 years of industry experience, GOT has built up superior research and development abilities in sports lottery terminals and systems and developed an extensive sales network in about 26 provinces and municipalities in China. Considering GOT is an established key industry player with cutting-edge technologies, the Directors believe that GOT is in a very well placed position to develop new sports lottery projects for the government of the PRC.

Last but not least, on 15 September 2010, with respect to the Group's lottery management and technology portfolio, the Company was successfully admitted as a member of the World Lottery Association (the "WLA"). The Board is proud that the Company is the first commercial lottery company in Hong Kong to become a member of the WLA. We are very heartened by this achievement and consider that being awarded membership of WLA signifies an internationally authoritative recognition of the important contribution made by the Company in China's lottery industry in past years. As WLA member, the Company will continue to facilitate responsible gaming and to keep it on a course of continuous improvement.



Sports and Media Business

The Group is the sole official e-sports operator in China as duly authorised by China Sport Information Centre of the General Administration of Sport of China (“CSIC”), the governing body of e-sports.

During the period under review, the Group has successfully held two national professional e-sports tournaments, namely the National Electronic Sports Open (“全國電子競技公開賽”), which was co-organised by the Group, CSIC and the relevant authorities in Shenzhen, the PRC during 8-11 August 2010, and China-Germany E-Sports Friendly (“中德電子競技友誼賽”), which was co-organised by the Group, CSIC and the relevant event organisers in the German Pavilion at World Expo 2010 Shanghai, the PRC during 9-12 September 2010.

With the dedicated efforts of e-sports and management teams, e-sports has been widely broadcast in the media (including nationwide state-owned broadcast media) and has aroused public interest in Hong Kong and China. Through organising these events, it is noted that the e-sports tournaments were very well received by the public and had attracted extensive media exposure nationwide across China. In addition, many top officials, media and television stations attended these events, thereby demonstrating the attractiveness of this new form of official sport in China. Coupled with the fact that there is a large base of e-sports enthusiasts in China, the Board believes that there is enormous potential for further development of the rapidly growing e-sports market in China.

The Board is confident that more and more high quality professional e-sports tournaments will be organised in the PRC in the future. It is expected that the e-sports industry will, after full establishment and by way of comparison to nearby markets (such as Korea and Japan), grow at a rapid rate and has all of the necessary inherent factors (government recognition, potential player population and popularity) to become the largest market in the region if not the world in due course.

The Company is in the process of formulating long-term strategies and execution plans to capture and capitalise on this burgeoning business for sustainable development to the Group as a long-term business. As the sole official e-sports operator in the PRC, the Group will continue to leverage on its professional experience and management skills to contribute to the development of China’s e-sports industry, thereby strengthening its leading position in the sports leisure and sports lottery in China. For details about the latest development of the Group’s e-sports activities, please visit the Group’s official e-sports website: www.e-sports.org.cn.



The Group is developing its potential as a leading sports lottery and sports leisure segment provider in the PRC. The Board recognises the worldwide trend in the merger of sports, sports media, sports development funding (sports lottery for example) and sports and general leisure markets. In China, all segments of the total sports industry are mainly governed and administrated by the central General Administration of Sport of China, including the fund raising arms such as the sports lottery and more recently the centralisation of the e-sports industry. Already the Group has expanded horizontally within the umbrella of the General Administration of Sport of China from the sports lottery to being the sole commercial operator for e-sports. The Board believes that the Group is best prepared to assist the sports authorities in the natural merger of sports and leisure by developing strategies and business solutions in the area of sports and sports lottery media. Accordingly, the Group has formed strategic alliances for new media projects in relation to the development of sports and sports lottery media and infotainment products for launch via mobile and telecommunication platforms of key operator(s) in the PRC. Such products are planned to cover most large-scale and popular sports events with rich and entertaining sports and sports lottery contents to satisfy the entertainment and information needs of sports enthusiasts and lottery public in the PRC. The Group believes that the new media project has huge market potential for further development in the future and can help strengthen the Group's position in the sports lottery and sports leisure field. Following the continuation and evaluation of trial media projects currently in 'soft' launch, the Group will enhance business plans and commercial models and advise the market on progress as required and appropriate.


Business Outlook

In the Nine-Month Period, total sports lottery sales in the PRC reached approximately RMB49.3 billion, up by approximately 20.0% from approximately RMB41.1 billion recorded for the same period last year (Source of information: Ministry of Finance of the PRC). The Chinese government has constantly embarked on a number of initiatives to support sports lottery development, thereby enabling continued healthy growth in the PRC sports lottery market. The Group considers that the growth momentum will be sustained well into the future and will continue to serve as a reliable provider of professional lottery products and services in China's lottery market to capitalise on the trend. Meanwhile, the Group will proactively seek the opportunities to carry out horizontal and vertical expansions such as extending its geographic reach to more provinces or cities, integrating the industry value chain, as well as developing new sports lottery terminals, systems and technologies.



On the front of e-sports business, the Group shall organise and launch the China E-sports Premier League, which is the official national e-sports league in China which composes of professional e-sports players, teams and clubs to play during regular seasons, in the coming year. With the precedent of the success of Korea's e-sports market and in the context of the rapidly rising number of online game users in China, the Group remains optimistic that China's e-sports industry has tremendous market potential. Coupled with strong support from the Chinese government, it is expected that the revenue of this industry will increase as more Chinese internet users become e-sports enthusiasts following major sporting events in the future. Trials of central government supported e-sports tournaments have been successfully conducted by the Group during the period under review and the Group will continue to design and prepare for the launch of the nationwide Premier League in the coming year. The Board at this stage is unable to reliably estimate the market size for the official e-sports total industry, however, the Group has developed and will continue to grow a specialist infrastructure to deliver the commercial aspects of the industry for a return of industry profit. The Group shall continue to advise the market of developments and details of the launch of the China E-sports Premier League when appropriate.

Leveraging on strong market position, self-mastered innovation capabilities and enhanced operational efficiency, the Group is able to create high value in sports lottery and sports leisure industry in the PRC. The Group is well positioned to reach new height when the market opportunities emerge in the rapidly growing sports lottery and sports leisure industry. In the future, the Group will continue to seek for more potential business partners and forge more strategic business alliances, with a view to increasing its market share and ultimately maximizing returns for shareholders. Towards these ends, the Group will also continuously place great emphasis on maintaining close ties with major business partners.



Financial Performance Review

For the Nine-Month Period, the Group made approximately HK\$61.2 million in revenue, an increase of approximately 48.2% against the corresponding period in 2009, gross profit for the Nine-Month Period amounted to approximately HK\$35.4 million, an increase of approximately HK\$14.7 million or 70.7% from the corresponding period in 2009. Gross margin stood at 57.9%, an increase of 7.7% from 50.2% of the corresponding period in 2009. The revenue was mainly derived from provision of sports lottery management and gaming technologies business in the PRC.

Loss from business operations amounted to approximately HK\$10.9 million, demonstrating an improvement of approximately HK\$10.2 million or 48.3% over the corresponding period in 2009. Loss attributable to owners of the Company for the Nine-Month Period amounted to approximately HK\$43.3 million, an improvement of approximately HK\$30.0 million or 40.9% against the loss of approximately HK\$73.3 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\$61.2 million for the Nine-Month period when compared to approximately HK\$41.3 million for the corresponding period in 2009), and (ii) the decrease in share-based payment expense due to the written back of approximately HK\$5.1 million share-based payments expense upon the lapse of the unvested share options during the Three-Month Period (amounting to approximately HK\$10.4 million for the Nine-Month Period when compared to approximately HK\$28.4 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 30 September 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	55.68%
		(Note 1)		
Mr. Bai Jinmin	3,343,750	44,876,600	48,220,350	1.32%
		(Note 2)		
Mr. Robert Geoffrey Ryan	3,343,750	–	3,343,750	0.09%
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:

- 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.
- 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 30 September 2010
				As at 1 January 2010	Granted during the Nine-Month Period	Exercised during the Nine-Month Period	
Mr. Robert Geoffrey Ryan	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)
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)
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)
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: 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 4 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 30 September 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 30 September 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 5% 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	54.94%
TIG Advisors LLC	Investment manager	224,643,000	6.15%

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 30 September 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 5% 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 30 September 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.

INTERESTS IN COMPETING BUSINESS

During the Nine-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 results of the Group for the Nine-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 Nine-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 Nine-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 Nine-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.

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"). Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings set out in the Code of Conduct during the Nine-Month Period.

SHARE OPTION SCHEME

During the Nine-Month Period, options carrying right to subscribe for 9,000,000 Shares were granted by the Company pursuant to its share option scheme. During the Nine-Month Period, options for 12,281,250 Shares were exercised and options for 21,062,500 Shares were lapsed. As at 30 September 2010, there were options for 160,556,250 Shares remained outstanding.

The following table discloses details and movements of the Company's share options held by Directors, eligible employees and eligible participants of the Group under the share option scheme of the Company during the Nine-Month Period:

Name	Date of grant	Exercise price per share HK\$	Exercisable period	Outstanding at 1 January 2010	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Outstanding at 30 September 2010
Directors:								
Mr. Robert Geoffrey Ryan	9 October 2008	0.2198	9 October 2009 – 8 October 2010	3,343,750	-	(3,343,750)	-	-
			9 October 2010 – 8 October 2011	3,343,750	-	-	-	3,343,750
			9 October 2011 – 8 October 2012	3,343,750	-	-	-	3,343,750
			9 October 2012 – 8 October 2013	3,343,750	-	-	-	3,343,750
Mr. Bai Jinmin	9 October 2008	0.2198	9 October 2009 – 8 October 2010	3,343,750	-	(3,343,750)	-	-
			9 October 2010 – 8 October 2011	3,343,750	-	-	-	3,343,750
			9 October 2011 – 8 October 2012	3,343,750	-	-	-	3,343,750
			9 October 2012 – 8 October 2013	3,343,750	-	-	-	3,343,750
Mr. Liang Yu	9 October 2008	0.2198	9 October 2009 – 8 October 2010	3,343,750	-	(3,343,750)	-	-
			9 October 2010 – 8 October 2011	3,343,750	-	-	-	3,343,750
			9 October 2011 – 8 October 2012	3,343,750	-	-	-	3,343,750
			9 October 2012 – 8 October 2013	3,343,750	-	-	-	3,343,750
Ms. Yang Yang	9 October 2008	0.2198	9 October 2009 – 8 October 2010	334,375	-	-	-	334,375
			9 October 2010 – 8 October 2011	334,375	-	-	-	334,375
			9 October 2011 – 8 October 2012	334,375	-	-	-	334,375
			9 October 2012 – 8 October 2013	334,375	-	-	-	334,375



Name	Date of grant	Exercise price per share HK\$	Exercisable period	Outstanding at 1 January 2010	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Outstanding at 30 September 2010
Eligible employees and other eligible participants:								
	27 September 2006 (Note 1)	0.2180	27 September 2009 – 26 September 2010	1,250,000	-	(1,250,000)	-	-
	9 October 2008	0.2198	9 October 2009 – 8 October 2010	35,171,875	-	(1,000,000)	(5,125,000)	29,046,875
			9 October 2010 – 8 October 2011	35,671,875	-	-	(5,312,500)	30,359,375
			9 October 2011 – 8 October 2012	35,671,875	-	-	(5,312,500)	30,359,375
			9 October 2012 – 8 October 2013	35,671,875	-	-	(5,312,500)	30,359,375
	6 July 2010 (Note 3)	0.3000	6 July 2011 – 5 July 2012	-	2,250,000	-	-	2,250,000
			6 July 2012 – 5 July 2013	-	2,250,000	-	-	2,250,000
			6 July 2013 – 5 July 2014	-	2,250,000	-	-	2,250,000
			6 July 2014 – 5 July 2015	-	2,250,000	-	-	2,250,000
Total				184,900,000	9,000,000	(12,281,250)	(21,062,500)	160,556,250
Exercisable at the end of the period								<u>29,381,250</u>
Weighted average exercise price				<u>HK\$0.2198</u>		HK\$0.2198 (Note 2)		<u>HK\$0.2198</u>



Notes:

1. The number and the exercise price of options which remained outstanding have been adjusted due to share subdivision of the Company with effect from 24 October 2006. The exercise price per share was adjusted from HK\$1.090 to HK\$0.2180.
2. The weighted average closing price of the Shares immediately before the date on which the options were exercised was HK\$0.2693.
3. The closing price of the Shares immediately before the date on which the options were granted was HK\$0.30.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the Nine-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, 11 November 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.