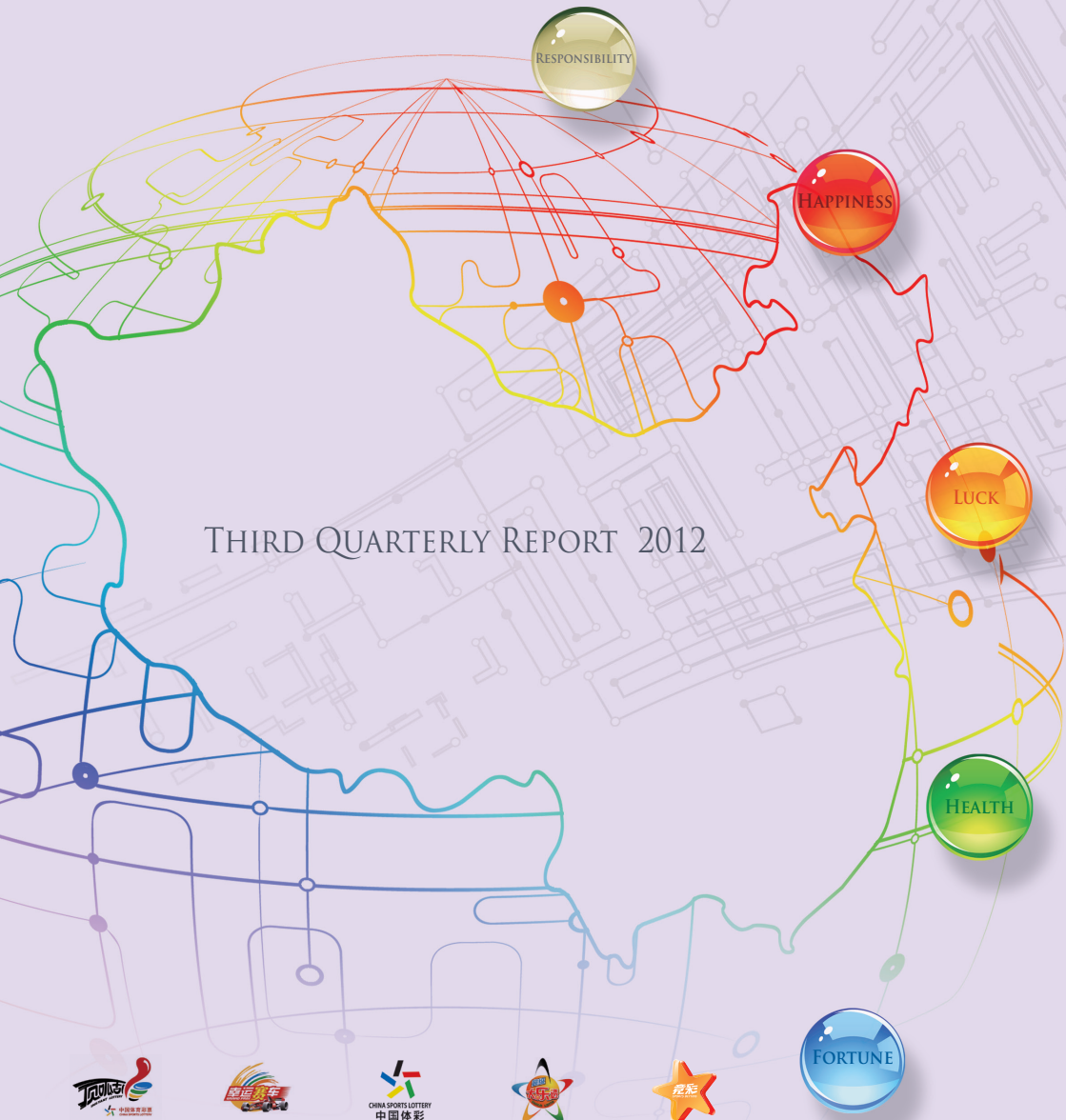




# AGTech Holdings Limited

*(Incorporated in Bermuda with limited liability)*

Stock Code: 8279



## THIRD QUARTERLY REPORT 2012



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

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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\$163.6 million, an increase of approximately HK\$96.8 million or 145.1% from the corresponding period in 2011. The substantial increase of total revenue of the Group was mainly attributable to the new subsidiary GOT upon its complete acquisition by the Group in December 2011. All revenue was derived from provision of sports lottery management and marketing consultancy services and gaming technologies (game software, systems, hardware and terminals) business in the PRC.
- Gross profit of the Group amounted to approximately HK\$66.3 million, an increase of approximately HK\$15.1 million or 29.6% over the corresponding period in 2011. This was mainly attributable to the contribution from the new subsidiary GOT.
- Loss attributable to owners of the Company for the Nine-Month Period amounted to approximately HK\$35.9 million, primarily due to (i) the share-based payment expense (totalling approximately HK\$8.1 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\$19.2 million for the Nine-Month Period).
- 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 2012 (the "Three-Month Period") and the nine months ended 30 September 2012 (the "Nine-Month Period"), together with the comparative unaudited figures for the corresponding period in 2011 as follows:

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the Three-Month Period and the Nine-Month Period

	Notes	Three months ended		Nine months ended	
		30 September 2012	2011	30 September 2012	2011
		HK\$	HK\$	HK\$	HK\$
Revenue	2	64,292,520	23,115,738	163,579,187	66,737,378
Cost of sales and services		(45,587,386)	(5,342,239)	(97,235,443)	(15,542,703)
Gross profit		18,705,134	17,773,499	66,343,744	51,194,675
Investment and other income		389,190	251,877	1,388,366	787,592
Selling and administrative expenses		(22,130,141)	(14,787,957)	(73,411,879)	(47,578,290)
Share of profit of an associate		–	1,140,519	–	945,941
(Loss)/profit from business operations		(3,035,817)	4,377,938	(5,679,769)	5,349,918
Share-based payments		(3,438,217)	(1,856,390)	(8,066,615)	(7,149,833)
Net foreign exchange gain/(loss)		50,259	(58,824)	(84,372)	(80,140)
Amortisation of other intangible assets		(59,925)	(11,061,465)	(19,212,288)	(32,044,717)
Finance cost		(23,908)	(1,574,816)	(2,098,595)	(2,275,283)
Loss before tax		(6,507,608)	(10,173,557)	(35,141,639)	(36,200,055)
Income tax (expense)/credit	3	(1,618,120)	1,800,565	1,142,292	1,406,876
<b>Loss for the period</b>		<b>(8,125,728)</b>	<b>(8,372,992)</b>	<b>(33,999,347)</b>	<b>(34,793,179)</b>
Loss attributable to:					
Owners of the Company		(8,717,544)	(7,594,235)	(35,932,706)	(31,239,825)
Non-controlling interests		591,816	(778,757)	1,933,359	(3,553,354)
		(8,125,728)	(8,372,992)	(33,999,347)	(34,793,179)
<b>Loss per share</b>					
Basic and diluted	4	HK 0.227 cent	HK 0.206 cent	HK 0.935 cent	HK 0.847 cent

	Three months ended		Nine months ended	
	30 September		30 September	
	2012	2011	2012	2011
	HK\$	HK\$	HK\$	HK\$
Loss for the period	<b>(8,125,728)</b>	(8,372,992)	<b>(33,999,347)</b>	(34,793,179)
<b>Other comprehensive income, net of income tax</b>				
Exchange differences on translating foreign operations	<b>(1,974,118)</b>	13,169,747	<b>2,589,723</b>	34,692,773
<b>Total comprehensive income for the period</b>	<b>(10,099,846)</b>	4,796,755	<b>(31,409,624)</b>	(100,406)
Total comprehensive income attributable to:				
Owners of the Company	<b>(10,692,439)</b>	5,517,046	<b>(33,362,588)</b>	3,352,357
Non-controlling interests	<b>592,593</b>	(720,291)	<b>1,952,964</b>	(3,452,763)
<b>Total comprehensive income for the period</b>	<b>(10,099,846)</b>	4,796,755	<b>(31,409,624)</b>	(100,406)

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 ("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 year ended 31 December 2011.

HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (the "new and revised HKFRS").

The Group has not early adopted the new and revised HKFRS that have been issued but are not yet effective, the Group is in the process of assessing the impact of these new and revised HKFRS 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 and gaming technologies (game software, systems, hardware and terminals) business in the People's Republic of China ("China" or the "PRC") during the Three-Month Period and the Nine-Month Period.

## **(3) INCOME TAX**

Income tax for the Nine-Month Period represents the net amount of deferred taxation credit of approximately HK\$4.7 million and PRC profits tax of approximately HK\$3.6 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\$8,717,544 and HK\$35,932,706 respectively (for the three months and nine months ended 30 September 2011: net loss of HK\$7,594,235 and HK\$31,239,825 respectively), and the weighted average number of 3,843,953,375 ordinary shares in issue during both the Three-Month Period and the Nine-Month Period (for the three months and nine months ended 30 September 2011: 3,691,765,785 and 3,688,626,784 ordinary shares in issue respectively).

The computation of the diluted loss per share does not assume the exercise of the Company's share options as the exercise 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 (2011: Nil).

## (6) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the Nine-Month Period

	Attributable to owners of the Company							Attributable to non-controlling interests	Total	
	Share capital	Share premium	Share options reserve	Statutory reserve	Exchange reserve	Contributed surplus	Accumulated losses			
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$			
Balance at 1 January 2012	7,687,907	1,174,554,927	132,388,040	5,999,326	158,026,661	47,191,476	(445,840,958)	1,080,007,379	601,341	1,080,608,720
Loss for the period	-	-	-	-	-	-	(35,932,706)	(35,932,706)	1,933,359	(33,999,347)
Other comprehensive income for the period	-	-	-	-	2,570,118	-	-	2,570,118	19,605	2,589,723
Total comprehensive income for the period	-	-	-	-	2,570,118	-	(35,932,706)	(33,362,588)	1,952,964	(31,409,624)
Recognitions of equity-settled share-based payments	-	-	11,304,194	-	-	-	-	11,304,194	-	11,304,194
Shares issued on exercise of part of share options	-	-	-	-	-	-	-	-	-	-
Lapse of share options	-	-	(5,816,075)	-	-	-	2,578,495	(3,237,580)	-	(3,237,580)
Transfer from accumulated losses	-	-	-	697,743	-	-	(697,743)	-	-	-
<b>Balance at 30 September 2012</b>	<b>7,687,907</b>	<b>1,174,554,927</b>	<b>137,876,159</b>	<b>6,697,069</b>	<b>160,596,779</b>	<b>47,191,476</b>	<b>(479,892,912)</b>	<b>1,054,711,405</b>	<b>2,554,305</b>	<b>1,057,265,710</b>
Balance at 1 January 2011	7,356,321	1,076,602,404	188,193,324	3,134,905	125,681,032	47,191,476	(408,907,047)	1,039,252,415	2,924,638	1,042,177,053
Loss for the period	-	-	-	-	-	-	(31,239,825)	(31,239,825)	(3,553,354)	(34,793,179)
Other comprehensive income for the period	-	-	-	-	34,592,182	-	-	34,592,182	100,591	34,692,773
Total comprehensive income for the period	-	-	-	-	34,592,182	-	(31,239,825)	3,352,357	(3,452,763)	(100,406)
Recognitions of equity-settled share-based payments	-	-	7,828,232	-	-	-	-	7,828,232	-	7,828,232
Shares issued on exercise of part of share options	45,336	39,796,760	(34,789,468)	-	-	-	-	5,052,628	-	5,052,628
Lapse of share options	-	-	(685,292)	-	-	-	6,893	(678,399)	-	(678,399)
Transfer to accumulated losses	-	-	-	(567,672)	-	-	(1,631,353)	(2,199,025)	-	(2,199,025)
<b>Balance at 30 September 2011</b>	<b>7,401,657</b>	<b>1,116,399,164</b>	<b>160,546,796</b>	<b>2,567,233</b>	<b>160,273,214</b>	<b>47,191,476</b>	<b>(441,771,332)</b>	<b>1,052,608,208</b>	<b>(528,125)</b>	<b>1,052,080,083</b>

## MANAGEMENT DISCUSSION AND ANALYSIS

### About the Group

The Group is the leading integrated gaming company in China's sports lottery market.

The Group is principally engaged in (i) gaming technologies (game software, systems, hardware and terminals); (ii) lottery management; and (iii) online and phone lottery distribution. The Group is committed to applying international best practice and advanced technologies to the lottery industry in various areas such as lottery systems, lottery hardware, lottery/betting games, internet and mobile phone distribution, wireless network and streaming media, thereby providing sports lottery authorities and millions of lottery players in China with professional, integrated lottery services.

Over the past six years, the Group has demonstrated a strong track record of delivery, successfully building a uniquely balanced, complementary suite of businesses that now occupy leading positions in the key verticals of the Chinese sports lottery market. This growth is testament to the quality and depth of the Group's relationships with industry regulators and officials at both a national and provincial level, as well as the quality of its management, employees, technology and partners. Through Asia Gaming Technologies Limited ("AGT"), the Group's joint venture with Ladbroke Group, the Group has developed and successfully launched China's only nationally-approved virtual fixed odds sports betting game, "Lucky Racing".

The Group has a team of over 200 professionals and the footprint of its sports lottery business now covers 80% of the provinces and municipalities across China. The Group is a member of the World Lottery Association (WLA) and the Asia Pacific Lottery Association (APLA).



## Industry Overview

According to information published by the Ministry of Finance of the PRC, for the Nine-Month Period, the lottery market has continued its rapid growth with lottery sales reaching RMB189.5 billion, an increase of approximately 20.1% against the corresponding period in 2011. Of this, sports lottery amounted to approximately RMB78.4 billion (accounting for 41.4% of total lottery sales), an increase of approximately 18.8% against the corresponding period in 2011, while welfare lottery amounted to approximately RMB111.1 billion (accounting for 58.6% of total lottery sales), an increase of approximately 21.0% against the corresponding period in 2011.

At the beginning of the year, upon the approval of the State Council, principals from the Ministry of Finance, the Ministry of Civil Affairs and the General Administration of Sport of China signed an order to release the “Implementing Rules for the Regulations on the Administration of Lotteries” (the “Rules”), following which the Rules came into force on 1 March 2012. The Rules are intended to prohibit the hitherto widespread use of mobile and internet as unregulated sales channels interfacing into the provincial retail lottery network. The release of the Rules indicates that the Chinese national lottery authorities may start to issue system and distribution licenses for online and mobile lottery sales. The Directors are encouraged to note that on the initiative of the national lottery authorities, a number of provinces in both the welfare and sports lotteries have commenced and/or are preparing to launch mobile system trials. The Directors believe that such initiatives will bring significant new business opportunities for the Group to further expand its business both via the provision of mobile systems and also by increasing the distribution of its current and any new games.

The robust growth of the PRC sports lottery during the period was predominantly driven by an increased prize payout ratio in certain provinces, adoption of new game rules, an increase in points of sales, as well as increased marketing efforts. In aggregate across the sports lottery market as a whole, high frequency games (i.e. lotto games with high frequency draw characteristics) and Jing Cai (竞彩) (i.e. sports betting games involving sports such as football and basketball) were the best performing game types. In light of the government’s initiatives to continue to facilitate lottery industry development, it is expected that China’s lottery sales will continue to enjoy high levels of growth and that China will therefore maintain its status as the world’s most rapidly growing lottery market.

## **Business Review**

During the period under review, the Group delivered significant growth in total revenue and gross profit. In the past year, the Group achieved certain important milestones by launching China's first national government-approved rapid-draw virtual fixed odds sports betting lottery platform and its first game, "Lucky Racing", and completed the acquisitions of Beijing AGTech GOT Technology Co., Ltd.\* ("GOT") and Shenzhen Silvercreek Digital Technology Co., Ltd.\* ("Silvercreek"). The Group has successfully created a balanced business with leading positions across the main sports lottery verticals in China and brought together international and domestic industry expertise, technologies, management, skills and infrastructure. The integration and optimisation of these businesses is well underway and the Group expects that this foundation will enable sustainable and profitable growth in the future as well as generating attractive returns to shareholders.

### **Gaming Technologies Business**

#### *Virtual Fixed Odds Sports Betting*

During the period under review, the virtual sports betting game "Lucky Racing" ("幸運賽車") has continued to be operated in the trial province of Hunan, in advance of a potential national rollout across the PRC. In the Nine-Month Period, the game has exceeded RMB820 million in total sales, accounting for 1.1% of all national sports lottery sales and contributing to annual growth of sports lottery sales in Hunan province of 49.1%, compared to growth of 21.0% for the sports lottery nationally. Lucky Racing has delivered 36.3% of total sports lottery sales in Hunan province in the period. Sales of other approved games in Hunan continued to grow during the period, indicating that Lucky Racing has grown the entire market. The game has been rolled out to approximately 1,700 lottery shops in Hunan, of which over 1,400 shops are fully operational.


"Lucky Racing" and the underlying betting transaction system are supplied by "AGT", the Group's majority-owned joint venture with Ladbroke Group (a world leader in betting and gaming, based in the United Kingdom). The game is a virtual betting game that is broadcast to lottery shops via a central computer and cable television, allowing customers to bet on computer generated car races (Grand Prix style) with similar betting options to horse racing such as win, place (first two), first three or accumulator style bets. Virtual sports fixed odds betting is a rapidly growing and key revenue contributor for gaming operators in the United Kingdom, greater Europe, the United States of America and Australia. The approval by the central Chinese regulators for this form of betting is a milestone in China, and the game's acceptance by lottery players in Hunan, strongly indicates that this new market segment could take significant market share on a national basis.

Sales and technical performance of the game have been highly satisfactory and Lucky Racing in Hunan is therefore fully operational and no longer considered to be in a trial phase. The Group is in active discussion with the national authorities in order to agree commercial and technical terms to launch the system and game on a national basis. To date, the game in Hunan has been successfully launched in traditional dedicated sports lottery shops and a small number of selected leisure venues (such as coffee shops and restaurants). It is expected that the game also has the potential to expand nationwide in terms of other channels such as mobile, internet and Internet Protocol Television (IPTV) (subject to the necessary approvals).

Given the spectacular performance of Lucky Racing in Hunan, the Group has been approached by a number of other provinces that are anxious to have access to virtual fixed odds sports betting. The Group is currently engaged in advanced commercial discussions with one of these provinces in order to launch a new, nationally approved, virtual fixed odds sports betting game in China. Whilst the new virtual game will share many characteristics with Lucky Racing such as frequency of play and high quality graphical display, the new game will feature a virtual match rather than a virtual race. The new game will initially be launched in a trial province in anticipation of a potential national roll-out in due course. Building on the success of Lucky Racing, the planned introduction of this additional new game would represent a very significant development for the Group in terms of both geographical and game product development and would confirm virtual fixed odds sports betting as a fully accepted, rapidly growing, multi-product game category in China.

#### *Gaming Hardware and Technology Development*

Upon completion of the acquisition of GOT in December 2011, GOT has become a wholly-owned subsidiary of the Group. This transformed the Group into the largest sports lottery terminal and system provider in the PRC. In addition, it helps to drive the overall vision and long-term strategy for the Group to develop new technologies to meet the increasing demand from the PRC government.



Currently, GOT is the only authorised sports lottery terminal and system provider in the PRC which possesses its own research and development centre. With advanced technologies and innovation capabilities, GOT has successfully developed an extensive sales network in 26 provinces in China and maintained its leading market share of approximately 50%. After over 10 years of development, GOT has become a reputable brand in the PRC's sports lottery and commercial information products fields, and was appraised by the General Administration of Sport of China as an "Outstanding Company Contributing to Sports Lottery". Because of GOT's various competitive advantages, the Directors believe that GOT is very well positioned to introduce new sports lottery projects for the Chinese government in the future. China's sports lottery market is expected to enter a significant terminal replacement cycle in the coming months, following the conclusion of the terminal supplier selection and evaluation process currently being undertaken by the sports lottery authorities. As the largest supplier in the field, GOT anticipates playing a leading role in this important industry dynamic.

In addition, during the period under review, the Group's other gaming technology projects and strategic business developments have sustained good momentum. The Group is committed to delivering world-class innovative solutions to satisfy the requirements of the Chinese authorities and entertainment needs of the lottery public, and has continuously devoted efforts and resources on research and development of gaming technologies. During the period under review, the Group has continued its focus on several business development projects such as self-service terminals, portable terminals, as well as other new lottery technologies. The Group's international strategic partners for these projects are amongst the world's foremost operators in their respective fields. Outside of its domestic, Chinese market, the Group believes that GOT has significant potential to develop an international business and this will be an increasing focus of the Group in future.

### ***Lottery Management Business***

The Group's lottery management business is performing in-line with expectations. Lottery management services primarily comprise long term contracts with provincial sports lottery authorities for services such as direct and franchise retail shop management, as well as lottery sales, marketing and promotion management.

Through years of development, the Group has built up solid delivery infrastructure: talent, skills, management expertise, provincial offices etc. and is well-equipped to execute large multi-disciplinary/diverse projects for the lottery authorities in the PRC. The strength and track record of the Lottery Management Business as a reliable supplier of quality lottery products and services in the PRC's sports lottery market has been and continues to be a key enabler of the Group's strategy.

### ***Online and Phone Lottery Distribution Business***

Following the completion of the acquisition of Silvercreek in December 2011, the Group has continued to closely monitor policy development with respect to the government approval of lottery sales via internet and mobile. As Silvercreek is one of the most competitive mobile lottery service providers in China, capable of providing lottery organisations with comprehensive mobile betting solutions, and in light of its advanced technology development capabilities, the Board believes that the acquisition has materially strengthened the Group's offering in the field of mobile lottery, thereby equipping the Group well to react promptly when opportunities arise. Currently, the Group is qualified to apply for mobile and internet licenses and is well positioned to exploit this market opportunity as and when it becomes available. The mobile systems trials that are underway/being prepared in the welfare and sports lotteries are expected to lead to the creation of a fully regulated mobile lottery distribution market in China. The Group intends to directly participate in this exciting development via the provision of mobile systems and as a distributor/retailer. Sales of the Group's approved games, such as Lucky Racing, should benefit from the introduction of such a national distribution network.

## **Business Outlook**

With continued improvement in revenue performance, the Directors are optimistic about the outlook for the business and excited about the growth opportunities they see ahead. The Board believes that, in the coming months, the business will continue to enjoy rapid growth and achieve further significant milestones. Firstly, following the successful launch of “Lucky Racing” virtual sports betting in Hunan province, the Group expects positive developments in its attempts to rollout the game to more provinces across China and through other more innovative distribution channels. Secondly, in addition to the planned introduction of a new virtual fixed odds sports betting game, the Group expects solid progress in its efforts to develop and introduce more exciting new games and contents to the Chinese sports lottery market. Thirdly, the Group continues to closely monitor the prospective online and mobile lottery distribution business and is well equipped to react quickly in response to any new development of government policies. Finally, in the GOT division, the Group will capitalise on the anticipated terminal replacement cycle in sports lottery, and endeavor to expand its sales network both domestically and overseas.

Following the implementation of the Rules on 1 March 2012, the Directors believe that the Chinese government will start to deal with the issuance of licenses for online and mobile lottery distribution. As a prudent lottery group which has been providing legitimate lottery products and services in compliance with the regulations and rules of the Chinese government, and in light of its Silvercreek acquisition, the Group is well positioned to react to such a regulatory change. The Directors believe that such a development would bring great opportunities for the Group to further expand its business into more innovative lottery games and distribution channels in the future.

Taken together with the continuing underlying revenue growth of the sports lottery business in China, the multiple potential areas of expansion outlined above suggest a very positive outlook for the Group for the rest of the year and beyond.

Looking ahead, the Group will continue to explore new business opportunities and forge more strategic business alliances, with a view to increasing its market share and ultimately maximizing returns for shareholders. The Board strongly believes that the solid business foundations, strong customer and government relationships as well as the quality of international gaming partnerships enjoyed by the Group, ideally position it to reach new heights when market opportunities emerge in the rapidly growing sports lottery industry.

## Financial Performance Review

For the Nine-Month Period, the Group made approximately HK\$163.6 million in revenue, a two-fold increase against the corresponding period in 2011, gross profit for the Nine-Month Period amounted to approximately HK\$66.3 million, an increase of approximately HK\$15.1 million or 29.6% from the corresponding period in 2011. The substantial increase of total revenue and gross profit of the Group was mainly attributable to the new subsidiary GOT upon its complete acquisition by the Group in December 2011. All the revenue was derived from provision of sports lottery management and marketing consultancy services and gaming technologies (game software, systems, hardware and terminals) business in the PRC.

The Group's selling and administrative expenses for the Nine-Month Period was approximately HK\$73.4 million representing an increase of approximately HK\$25.8 million or 54.3% against the corresponding period in 2011. The increase was mainly due to general increase in staff cost in the PRC and the additional operating expenses from the new subsidiaries, GOT and Silvercreek.

Loss attributable to owners of the Company for the Nine-Month Period amounted to approximately HK\$35.9 million primarily due to the amortisation of other intangible assets (totalling approximately HK\$19.2 million for the Nine-Month Period) and the share-based payment expense (totalling approximately HK\$8.1 million for the Nine-Month Period).

## 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 2012, 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	52.90%
		(Note 1)		
Mr. Robert Geoffrey Ryan	5,347,750	–	5,347,750	0.14%
Mr. Bai Jinmin	6,687,500	44,876,600	51,564,100	1.34%
		(Note 2)		
Mr. Liang Yu	6,187,500	–	6,187,500	0.16%
Ms. Yang Yang	414,375	–	414,375	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 & chief executive officer ("CEO") 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 2012	Approximate percentage of issued share capital of the Company
				As at 1 January 2012	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	6,687,500	-	-	6,687,500	0.17%
	21-12-2011	0.2900	21-12-2012 – 20-12-2016	21,264,000	-	-	21,264,000	0.55%
	17-8-2012	0.1006	17-8-2013 – 16-8-2017	-	3,500,000	-	3,500,000	0.09%
Mr. Bai Jinmin	9-10-2008	0.2198	9-10-2009 – 8-10-2013	6,687,500	-	-	6,687,500	0.17%
	21-12-2011	0.2900	21-12-2012 – 20-12-2016	21,264,000	-	-	21,264,000	0.55%
	17-8-2012	0.1006	17-8-2013 – 16-8-2017	-	3,500,000	-	3,500,000	0.09%
Mr. Liang Yu	9-10-2008	0.2198	9-10-2009 – 8-10-2013	6,687,500	-	-	6,687,500	0.17%
	21-12-2011	0.2900	21-12-2012 – 20-12-2016	21,264,000	-	-	21,264,000	0.55%
	17-8-2012	0.1006	17-8-2013 – 16-8-2017	-	3,500,000	-	3,500,000	0.09%
Ms. Yang Yang	9-10-2008	0.2198	9-10-2009 – 8-10-2013	668,750	-	-	668,750	0.017%
	21-12-2011	0.2900	21-12-2012 – 20-12-2016	2,000,000	-	-	2,000,000	0.052%
Mr. Wang Ronghua	21-12-2011	0.2900	21-12-2012 – 20-12-2016	2,000,000	-	-	2,000,000	0.052%
Mr. Hua Fengmao	21-12-2011	0.2900	21-12-2012 – 20-12-2016	2,000,000	-	-	2,000,000	0.052%
Mr. Kwok Wing Leung Andy	21-12-2011	0.2900	21-12-2012 – 20-12-2016	2,000,000	-	-	2,000,000	0.052%

*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 2012, 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 2012, 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 <i>(Note)</i>	2,006,250,000	52.19%
TIG Advisors LLC	Investment manager	265,624,000	6.91%

*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 30 September 2012, 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 2012, 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 competed 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 (effective until 31 March 2012) and Corporate Governance Code and Corporate Governance Report (effective from April 2012) 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 CEO should be separate and should not be performed by the same individual. The roles of chairman and CEO 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 CEO 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 94,189,000 Shares were granted by the Company pursuant to its share option scheme. During the Nine-Month Period, no options were exercised and options for 44,389,000 Shares were lapsed. As at 30 September 2012, there were options for 374,095,000 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:

Category	Date of grant	Exercise price per Share HK\$	Exercisable period	Outstanding as at 1 January 2012	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Outstanding as at 30 September 2012
<b>Directors:</b>								
Mr. Robert Geoffrey Ryan	9 October 2008	0.2198	9 October 2011 – 8 October 2012	3,343,750	-	-	-	3,343,750
			9 October 2012 – 8 October 2013	3,343,750	-	-	-	3,343,750
	21 December 2011	0.2900	21 December 2012 – 20 December 2013	5,316,000	-	-	-	5,316,000
			21 December 2013 – 20 December 2014	5,316,000	-	-	-	5,316,000
			21 December 2014 – 20 December 2015	5,316,000	-	-	-	5,316,000
			21 December 2015 – 20 December 2016	5,316,000	-	-	-	5,316,000
	17 August 2012	0.1006	17 August 2013 – 16 August 2014	-	875,000	-	-	875,000
			17 August 2014 – 16 August 2015	-	875,000	-	-	875,000
			17 August 2015 – 16 August 2016	-	875,000	-	-	875,000
			17 August 2016 – 16 August 2017	-	875,000	-	-	875,000
Mr. Bai Jinmin	9 October 2008	0.2198	9 October 2011 – 8 October 2012	3,343,750	-	-	-	3,343,750
			9 October 2012 – 8 October 2013	3,343,750	-	-	-	3,343,750
	21 December 2011	0.2900	21 December 2012 – 20 December 2013	5,316,000	-	-	-	5,316,000
			21 December 2013 – 20 December 2014	5,316,000	-	-	-	5,316,000
			21 December 2014 – 20 December 2015	5,316,000	-	-	-	5,316,000
			21 December 2015 – 20 December 2016	5,316,000	-	-	-	5,316,000
	17 August 2012	0.1006	17 August 2013 – 16 August 2014	-	875,000	-	-	875,000
			17 August 2014 – 16 August 2015	-	875,000	-	-	875,000
			17 August 2015 – 16 August 2016	-	875,000	-	-	875,000
			17 August 2016 – 16 August 2017	-	875,000	-	-	875,000
Mr. Liang Yu	9 October 2008	0.2198	9 October 2011 – 8 October 2012	3,343,750	-	-	-	3,343,750
			9 October 2012 – 8 October 2013	3,343,750	-	-	-	3,343,750
	21 December 2011	0.2900	21 December 2012 – 20 December 2013	5,316,000	-	-	-	5,316,000
			21 December 2013 – 20 December 2014	5,316,000	-	-	-	5,316,000
			21 December 2014 – 20 December 2015	5,316,000	-	-	-	5,316,000
			21 December 2015 – 20 December 2016	5,316,000	-	-	-	5,316,000
	17 August 2012	0.1006	17 August 2013 – 16 August 2014	-	875,000	-	-	875,000
			17 August 2014 – 16 August 2015	-	875,000	-	-	875,000
			17 August 2015 – 16 August 2016	-	875,000	-	-	875,000
			17 August 2016 – 16 August 2017	-	875,000	-	-	875,000
Ms. Yang Yang	9 October 2008	0.2198	9 October 2011 – 8 October 2012	334,375	-	-	-	334,375
			9 October 2012 – 8 October 2013	334,375	-	-	-	334,375
	21 December 2011	0.2900	21 December 2012 – 20 December 2013	500,000	-	-	-	500,000
			21 December 2013 – 20 December 2014	500,000	-	-	-	500,000
			21 December 2014 – 20 December 2015	500,000	-	-	-	500,000
			21 December 2015 – 20 December 2016	500,000	-	-	-	500,000

Category	Date of grant	Exercise price per Share HK\$	Exercisable period	Outstanding as at 1 January 2012	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Outstanding as at 30 September 2012
Mr. Wang Ronghua	21 December 2011	0.2900	21 December 2012 – 20 December 2013	500,000	-	-	-	500,000
			21 December 2013 – 20 December 2014	500,000	-	-	-	500,000
			21 December 2014 – 20 December 2015	500,000	-	-	-	500,000
			21 December 2015 – 20 December 2016	500,000	-	-	-	500,000
Mr. Hua Fengmao	21 December 2011	0.2900	21 December 2012 – 20 December 2013	500,000	-	-	-	500,000
			21 December 2013 – 20 December 2014	500,000	-	-	-	500,000
			21 December 2014 – 20 December 2015	500,000	-	-	-	500,000
			21 December 2015 – 20 December 2016	500,000	-	-	-	500,000
Mr. Kwok Wing Leung Andy	21 December 2011	0.2900	21 December 2012 – 20 December 2013	500,000	-	-	-	500,000
			21 December 2013 – 20 December 2014	500,000	-	-	-	500,000
			21 December 2014 – 20 December 2015	500,000	-	-	-	500,000
			21 December 2015 – 20 December 2016	500,000	-	-	-	500,000
<b>Eligible employees and other eligible participants:</b>								
	9 October 2008	0.2198	9 October 2011 – 8 October 2012	28,734,375	-	-	(1,687,500)	27,046,875
			9 October 2012 – 8 October 2013	29,984,375	-	-	(1,687,500)	28,296,875
	6 July 2010	0.300	6 July 2011 – 5 July 2012	125,000	-	-	(125,000)	-
			6 July 2012 – 5 July 2013	1,000,000	-	-	-	1,000,000
			6 July 2013 – 5 July 2014	1,000,000	-	-	-	1,000,000
			6 July 2014 – 5 July 2015	1,000,000	-	-	-	1,000,000
	30 March 2011	0.330	30 March 2012 – 29 March 2013	4,350,000	-	-	(500,000)	3,850,000
			30 March 2013 – 29 March 2014	4,350,000	-	-	(500,000)	3,850,000
			30 March 2014 – 29 March 2015	4,350,000	-	-	(500,000)	3,850,000
			30 March 2015 – 29 March 2016	4,350,000	-	-	(500,000)	3,850,000
	21 December 2011	0.2900	21 December 2012 – 20 December 2013	38,132,000	-	-	(9,722,250)	28,409,750
			21 December 2013 – 20 December 2014	38,132,000	-	-	(9,722,250)	28,409,750
			21 December 2014 – 20 December 2015	38,132,000	-	-	(9,722,250)	28,409,750
			21 December 2015 – 20 December 2016	38,132,000	-	-	(9,722,250)	28,409,750
	17 August 2012	0.1006	17 August 2013 – 16 August 2014	-	20,922,250	-	-	20,922,250
			17 August 2014 – 16 August 2015	-	20,922,250	-	-	20,922,250
			17 August 2015 – 16 August 2016	-	20,922,250	-	-	20,922,250
			17 August 2016 – 16 August 2017	-	20,922,250	-	-	20,922,250
<b>Total</b>				<b>324,295,000</b>	<b>94,189,000</b>	<b>-</b>	<b>(44,389,000)</b>	<b>374,095,000</b>
<b>Exercisable at the end of the period</b>				<b>39,225,000</b>				<b>42,262,500</b>
<b>Weighted average exercise price of the outstanding share option</b>				<b>HK\$0.2750</b>				<b>HK\$0.2298</b>

## **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 and CEO*

Hong Kong, 9 November 2012

*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.*