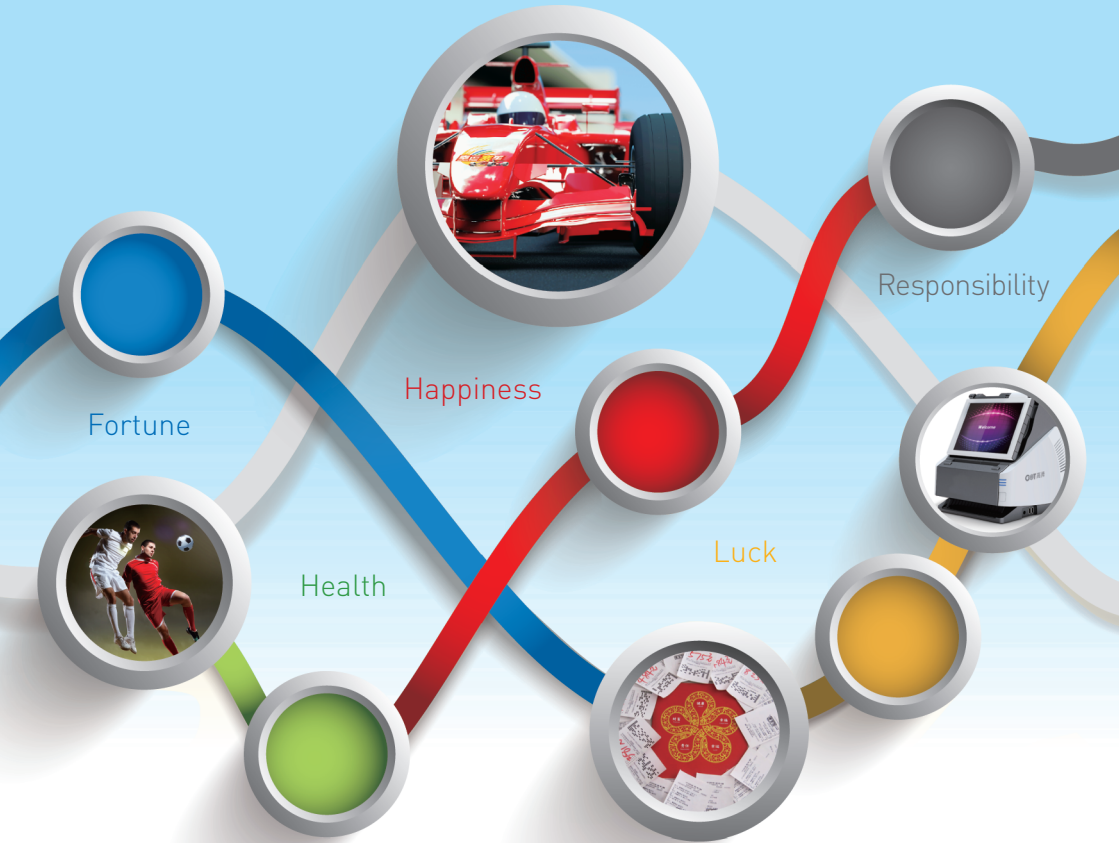




AGTech Holdings Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 8279



Third Quarterly Report 2014



CHARACTERISTICS OF GEM

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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this 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.

FINANCIAL HIGHLIGHTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014

- Total revenue of the Group for the Nine-Month Period amounted to approximately HK\$122.6 million (2013: approximately HK\$119.6 million). Most of the revenue was derived from gaming technologies (game software, systems, hardware and terminals) business and provision of sports lottery management and marketing consultancy services in the PRC. Total revenue of the Group has caught up with the revenue in the same period last year due in part to strong performance from GOT in the third quarter and the continuing contribution of e-Ball.
- Loss attributable to owners of the Company for the Nine-Month Period amounted to approximately HK\$137.8 million (2013: approximately HK\$74.1 million), primarily due to (i) the increase in depreciation expenses due to the establishment of a data centre for rolling out the e-Ball Lottery game, (ii) the relocation of the Group's Beijing office in China, and (iii) the rise in share-based payments totaling approximately HK\$100.3 million (2013: approximately HK\$55.4 million) as a result of the increase in share options of the Company granted to Directors, eligible employees and other eligible participants under the Share Option Scheme during 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 is pleased to announce the unaudited consolidated results of the Group for the three months ended 30 September 2014 (the “Three-Month Period”) and the nine months ended 30 September 2014 (the “Nine-Month Period”), together with the comparative unaudited figures for the corresponding period in 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the three months and nine months ended 30 September 2014

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$
Revenue	2	53,132,447	22,379,593	122,573,463	119,573,441
Cost of sales and services		(34,637,464)	(12,088,927)	(71,053,889)	(58,354,690)
Gross profit		18,494,983	10,290,666	51,519,574	61,218,751
Investment and other income		929,922	900,496	2,895,617	1,930,265
Selling and administrative expenses		(30,166,991)	(25,211,282)	(86,931,600)	(75,777,864)
Loss from business operations		(10,742,086)	(14,020,120)	(32,516,409)	(12,628,848)
Share-based payments		(36,175,624)	(6,472,633)	(100,260,539)	(55,428,305)
Net foreign exchange (loss)/gain		(9,840)	(55,376)	8,489	(91,540)
Amortisation of other intangible assets		(119,302)	(134,643)	(356,977)	(372,007)
Finance costs		-	(133,581)	-	(469,853)
Loss before tax		(47,046,852)	(20,816,353)	(133,125,436)	(68,990,553)
Income tax expense	3	(1,244,524)	(1,383,847)	(2,600,256)	(6,250,932)
Loss for the period		(48,291,376)	(22,200,200)	(135,725,692)	(75,241,485)
Loss attributable to:					
Owners of the Company		(48,950,769)	(21,469,690)	(137,822,487)	(74,120,041)
Non-controlling interests		659,393	(730,510)	2,096,795	(1,121,444)
		(48,291,376)	(22,200,200)	(135,725,692)	(75,241,485)
Loss per share					
Basic and diluted	4	HK 1.112 cents	HK 0.501 cent	HK 3.142 cents	HK 1.826 cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

	Three months ended 30 September		Nine months ended 30 September	
	2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$
Loss for the period	(48,291,376)	(22,200,200)	(135,725,692)	(75,241,485)
Other comprehensive income, net of income tax				
Items that will not be reclassified to profit or loss:				
Gain arising on revaluation of property transferred to investment property	16,954,435	–	16,954,435	–
Items that may be reclassified subsequently to profit or loss:				
Translation differences on translating foreign operations	2,084,782	6,186,247	(6,860,716)	29,253,033
Other comprehensive income for the period, net of income tax	19,039,217	6,186,247	10,093,719	29,253,033
Total comprehensive income for the period	(29,252,159)	(16,013,953)	(125,631,973)	(45,988,452)
Total comprehensive income attributable to:				
Owners of the Company	(29,927,438)	(15,323,604)	(127,688,252)	(45,045,411)
Non-controlling interests	675,279	(690,349)	2,056,279	(943,041)
Total comprehensive income for the period	(29,252,159)	(16,013,953)	(125,631,973)	(45,988,452)



Notes:

1. BASIS OF PREPARATION OF THE ACCOUNTS

The unaudited condensed consolidated accounts have been prepared in accordance with the applicable disclosure requirements of GEM Listing Rules, accounting principles generally accepted in 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 unaudited 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 2013.

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 gaming technologies (game software, systems, hardware and terminals) business and provision of sports lottery management and marketing consultancy services in the PRC during the Three-Month Period and the Nine-Month Period.

3. INCOME TAX EXPENSE

Income tax expense for the Nine-Month Period represents the net amount of deferred tax credit of approximately HK\$0.2 million and PRC Enterprise Income Tax expense of approximately HK\$2.8 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\$48,950,769 and HK\$137,822,487 respectively (for the three months and nine months ended 30 September 2013: net loss of HK\$21,469,690 and HK\$74,120,041 respectively), and the weighted average number of 4,403,877,940 and 4,386,964,639 ordinary shares in issue during the Three-Month Period and the Nine-Month Period respectively (for the three months and nine months ended 30 September 2013: 4,287,793,638 and 4,059,795,495 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 of both periods.

5. DIVIDEND

The Board does not recommend the payment of an interim dividend for the Nine-Month Period (2013: 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 HK\$	Share premium HK\$	Share options reserve HK\$	Statutory reserve HK\$	Exchange reserve HK\$	Contributed surplus HK\$	Property revaluation reserve HK\$	Accumulated losses HK\$	Subtotal HK\$	HK\$	HK\$	
Balance at 1 January 2013	7,687,907	1,174,554,927	75,317,280	10,746,631	164,107,837	47,191,476	-	(416,381,699)	1,063,224,359	2,126,601	1,065,350,960	
Loss for the period	-	-	-	-	-	-	-	(74,120,041)	(74,120,041)	(1,121,444)	(75,241,485)	
Other comprehensive income for the period	-	-	-	-	29,074,630	-	-	-	29,074,630	178,403	29,253,033	
Total comprehensive income for the period	-	-	-	-	29,074,630	-	-	(74,120,041)	(45,045,411)	(943,041)	(45,988,452)	
Recognition of equity-settled share-based payments	-	-	55,660,194	-	-	-	-	-	55,660,194	-	55,660,194	
Shares issued on exercise of part of share options	123,857	56,681,273	(44,806,809)	-	-	-	-	-	11,998,321	-	11,998,321	
Lapse of share options	-	-	(576,053)	-	-	-	-	344,165	(231,888)	-	(231,888)	
Issue of Shares upon share placing	813,043	139,436,955	-	-	-	-	-	-	140,249,998	-	140,249,998	
Transfer to accumulated losses	-	-	-	(1,403,763)	-	-	-	-	1,403,763	-	-	
Balance at 30 September 2013	8,624,807	1,370,673,155	85,594,612	9,342,868	193,182,467	47,191,476	-	(488,753,812)	1,225,855,573	1,183,560	1,227,039,133	
Balance at 1 January 2014	8,697,648	1,390,982,670	66,695,644	13,863,564	197,590,847	47,191,476	-	(490,934,022)	1,234,087,827	1,290,819	1,235,378,646	
Loss for the period	-	-	-	-	-	-	-	(137,822,487)	(137,822,487)	2,096,795	(135,725,692)	
Other comprehensive income for the period	-	-	-	-	(6,820,200)	-	16,954,435	-	10,134,235	(40,516)	10,093,719	
Total comprehensive income for the period	-	-	-	-	(6,820,200)	-	16,954,435	(137,822,487)	(127,688,252)	2,056,279	(125,631,973)	
Recognition of equity-settled share-based payments	-	-	100,851,990	-	-	-	-	-	100,851,990	-	100,851,990	
Shares issued on exercise of part of share options	135,875	26,401,707	(6,833,273)	-	-	-	-	-	19,704,309	-	19,704,309	
Lapse of share options	-	-	(703,806)	-	-	-	-	112,355	(591,451)	-	(591,451)	
Transfer to accumulated losses	-	-	-	(57,083)	-	-	-	-	57,083	-	-	
Balance at 30 September 2014	8,833,523	1,417,384,377	160,010,555	13,806,481	190,770,647	47,191,476	16,954,435	(628,587,071)	1,226,364,423	3,347,098	1,229,711,521	



MANAGEMENT DISCUSSION AND ANALYSIS

About the Group

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

Over the past seven 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 lottery market. This growth is testament to the quality and depth of the Group's relationships with industry regulators at both national and provincial levels, as well as the quality of its management, employees, technology and partners.

Through Asia Gaming Technologies Limited ("AGT") and its subsidiaries, 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 system as well as its first games, "Lucky Racing" and "e-Ball Lottery".

The Group has a team of over 200 professionals and the footprint of its lottery business now covers over 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).

Corporate Strategy and Objectives

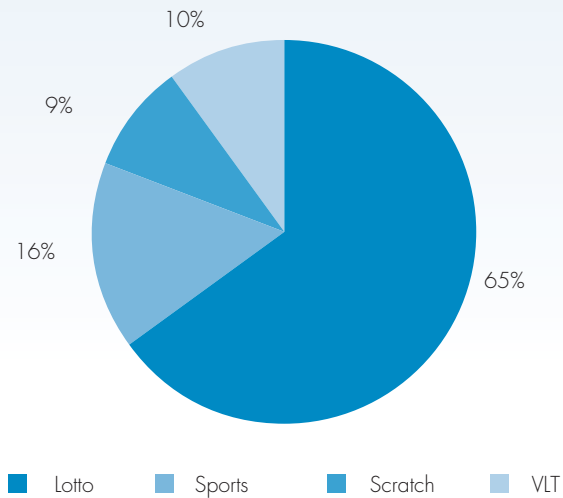
Our long-term objectives are to maintain a leading position as a lottery technology group and to provide innovative and competitive legal lottery games to help the Chinese government to crack down on illegal gambling. In order to achieve these objectives, we are committed to bringing together international and domestic industry expertise, technologies, management, skills and infrastructure into the Chinese lottery markets both through the existing and any new remote channels. Our Group has been working with various world-renowned strategic partners in these efforts for many years. It is also our corporate strategy to expand into China's welfare lottery market in due course.

Industry Overview

According to information published by the Ministry of Finance of the PRC, for the Nine-Month Period, the lottery market recorded sales of approximately RMB279.4 billion, an increase of approximately 24.5% compared to the corresponding period in 2013 (versus 18.5% growth in the same period last year). Of this, sports lottery amounted to approximately RMB129.0 billion (accounting for 46.2% of total lottery sales), an increase of approximately 33.8% year on year. The Welfare lottery achieved sales of approximately RMB150.4 billion (53.8% of total lottery sales), an increase of approximately 17.4% against the corresponding period in 2013.

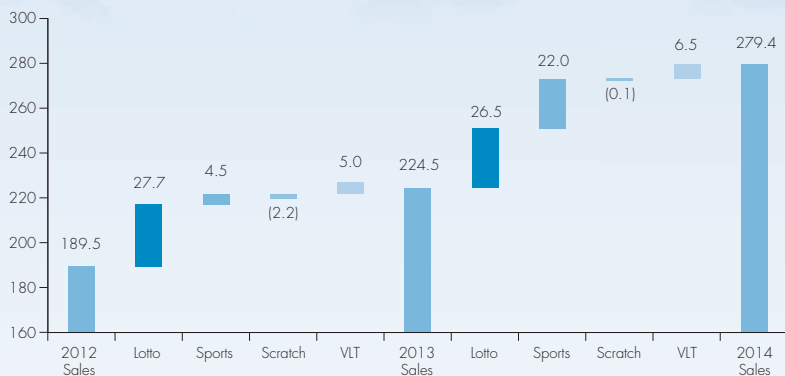
Product review

Market share of Sales by Product (Q1-Q3 2014)



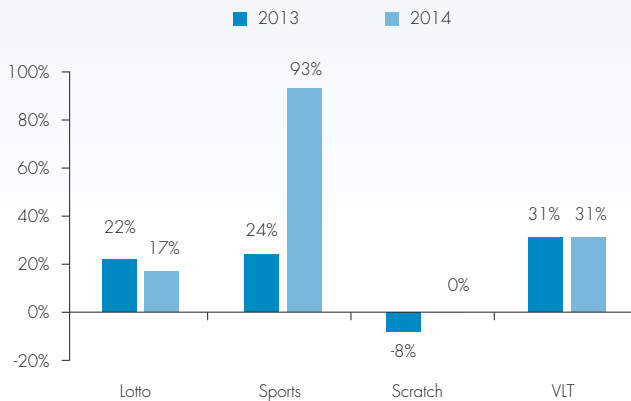
Source: PRC Ministry of Finance

China Lottery Sales Bridge Q1-Q3 2012 – Q1-Q3 2014 (RMB billion)



Source: PRC Ministry of Finance

China Lottery Sales Growth Comparison by Product (Q1-Q3 2014 vs. Q1-Q3 2013)



Source: PRC Ministry of Finance



The strong performance of sports betting (“Sports”) explains why the growth of total lottery sales in the first nine months of the year has increased more strongly than in the same period last year. This summer’s FIFA World Cup has had a very significant impact on Sports sales. By way of illustration, at RMB9.6bn, monthly sales of Sports in June were more than three-times larger than the average monthly sales in the previous five months of 2014.

Away from Sports, the strong declines in instant scratch cards (“Scratch”) last year have been arrested while the largest segment, Lotto (i.e. traditional lotto games that have a daily or weekly draw pattern as well as high frequency games (“HFG”)) continued to exhibit a slowing growth trend. The smaller segment of video lottery terminal (“VLT”) games has posted growth of more than 30% in the first nine months of the year, a growth rate which is in line with the same period last year.

In aggregate, and despite the declining pace of growth and the impact of the FIFA World Cup in June, Lotto remained the largest product in terms of sales during the period and it contributed approximately half of the absolute growth in the period. The Lotto category contains both traditional weekly and daily lotto draw games as well as HFG which are characterised by multiple daily draws and higher prize payout ratios of up to 59%. In recent years, Lotto has benefitted from rapid growth in HFG due to a gradual increase in payout ratios across the country. With this process largely complete, the pace of growth in Lotto has dipped somewhat. AGTech’s Lucky Racing game is classified as HFG. The planned deployment of this game to other provinces could therefore be one of the new drivers to restore the strong growth in this category.

Overall, the underlying trend of lottery sales growth of recent quarters has been somewhat below historical levels (ignoring the once-every-four-years effect of the FIFA World Cup). The Group believes that this trend is likely to lead to an increased pace of regulatory progress in the lottery market in terms of the approval and roll-out of new products as well as the development of new, remote distribution channels. Further development in such areas would be extremely positive for the Group and its Virtual Sports, Gaming Hardware and new Online and Mobile Lottery businesses in particular.

Business Review


During the period under review, the Group recorded an increase in revenue of approximately 2% and a decline in gross profit of approximately HK\$9.7m. The decline in gross profit was mainly attributable to changes in business mix and associated gross margins and margins lower than same period last year in the Hardware division (GOT) reflecting a more competitive hardware supply market in 2014 in the China sports lottery. The Group continues to transition its core business from legacy, lower-growth businesses to fully integrated services involving its advanced, high-growth Gaming Technology business. In the coming quarters we expect this trend to continue through the commencement of the roll-out of “Lucky Racing” to more provinces or even nationwide and the further rollout of “e-Ball” in Jiangsu.

Gaming Technologies Business

Virtual Sports Betting

The Group continued to supply its new virtual sports lottery game “e-Ball Lottery” (“e球彩”) to the launch province of Jiangsu during the period under review. Meanwhile, our first game, “Lucky Racing” (“幸運賽車”), has continued to be operated successfully in the province of Hunan, in advance of a planned rollout to more provinces across the PRC.

With two game titles, e-Ball and Lucky Racing Game, virtual sports has been confirmed as a fully accepted, high growth, multi-product game category in China. The e-Ball game, which is a football themed virtual sports lottery game, is only the second nationally-approved, rapid-draw, fixed-odds virtual sports lottery game in China. The other such nationally-approved game being the Group’s Lucky Racing. e-Ball Lottery is live in China’s largest sports lottery province, Jiangsu, and has been approved by the National Sports Lottery Administration Centre as a sports betting game and accordingly operates with a 69% payout ratio. The payout ratio for sports betting is already the highest in China and has recently been approved to be increased to 73%. The launch of e-Ball went smoothly as did its first three full financial quarters of operation. In close cooperation with our customer and the relevant lottery authorities in China, we have been continuously optimising and localising the game since launch and we are particularly excited by the impact that this work has had on the popularity of the game. Like Lucky Racing, we expect that e-Ball Lottery will roll-out nationally in due course and we will update the market at the appropriate time.



Lucky Racing, e-Ball Lottery and the underlying betting transaction system on which these games run 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 games are virtual sports lottery games that are broadcast to lottery shops via a central computer and cable television, allowing customers to bet on computer generated car races or football matches respectively. The betting options are like those typically offered for live car racing or live football matches in other countries.

Lucky Racing continues to be a very popular game, which led to encouraging underlying sales growth during the period. Our partners at the sports lottery have completed the "next generation" national high frequency game platform that will carry our Lucky Racing game to other provinces beyond Hunan. The Group therefore continues to expect the game to be supplied to more province(s) in China during this year.

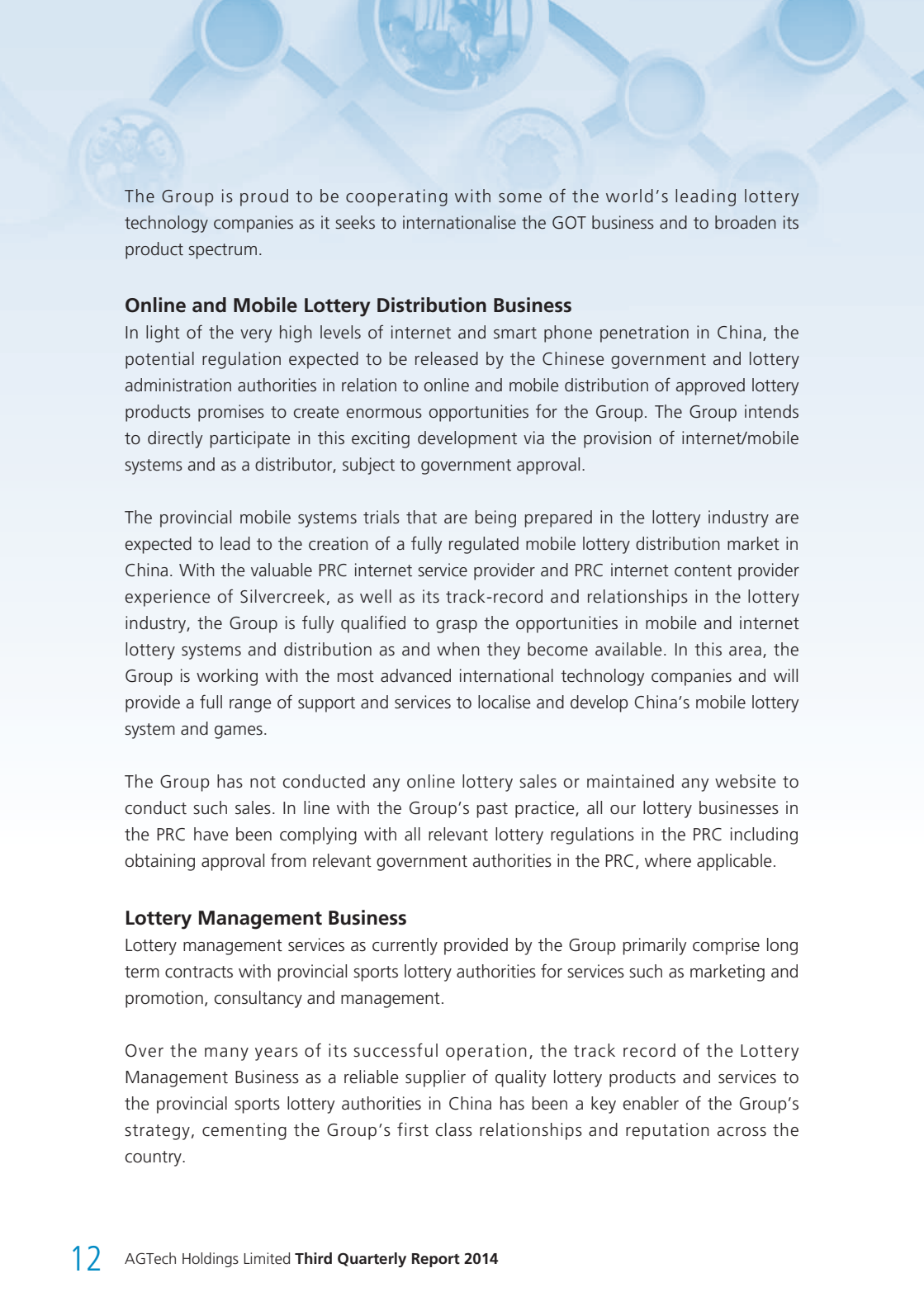
To date, Lucky Racing and e-Ball Lottery have been successfully launched in traditional dedicated sports lottery shops and the games are expected to be deployed nationwide via this channel. In addition, in due course, the games could be deployed in selected leisure venues (such as coffee shops and restaurants) and, as approved lottery products, the games have the potential to expand nationwide through other remote channels such as mobile and internet.

Gaming Hardware and Technology Development

GOT is the leading manufacturer and supplier of lottery and sports betting terminals to China's sports lottery. Hardware is a critically important growth division within the Group, with opportunities to expand not only in the domestic lottery and betting terminal supply arena, but also in the overseas lottery and betting terminal markets as well as through new technologies such as VLT manufacture and delivery.

GOT enjoyed a strong 2014 domestically. GOT was chosen as a supplier by most of the provinces which concluded tenders during 2014. This encouraging performance is testament to GOT's unparalleled reputation in the sports lottery field, gained during more than ten years of successful operation.

We are already supplying GOT terminals outside of China (e.g. South Africa) and plan to grow this international business in future. Currently, the Group is in active discussions with a number of other potential international customers and/or distributors of GOT terminals and has machines on trial in market such as the UK, Italy, Austria and Canada.



The Group is proud to be cooperating with some of the world's leading lottery technology companies as it seeks to internationalise the GOT business and to broaden its product spectrum.

Online and Mobile Lottery Distribution Business

In light of the very high levels of internet and smart phone penetration in China, the potential regulation expected to be released by the Chinese government and lottery administration authorities in relation to online and mobile distribution of approved lottery products promises to create enormous opportunities for the Group. The Group intends to directly participate in this exciting development via the provision of internet/mobile systems and as a distributor, subject to government approval.


The provincial mobile systems trials that are being prepared in the lottery industry are expected to lead to the creation of a fully regulated mobile lottery distribution market in China. With the valuable PRC internet service provider and PRC internet content provider experience of Silvercreek, as well as its track-record and relationships in the lottery industry, the Group is fully qualified to grasp the opportunities in mobile and internet lottery systems and distribution as and when they become available. In this area, the Group is working with the most advanced international technology companies and will provide a full range of support and services to localise and develop China's mobile lottery system and games.

The Group has not conducted any online lottery sales or maintained any website to conduct such sales. In line with the Group's past practice, all our lottery businesses in the PRC have been complying with all relevant lottery regulations in the PRC including obtaining approval from relevant government authorities in the PRC, where applicable.

Lottery Management Business

Lottery management services as currently provided by the Group primarily comprise long term contracts with provincial sports lottery authorities for services such as marketing and promotion, consultancy and management.

Over the many years of its successful operation, the track record of the Lottery Management Business as a reliable supplier of quality lottery products and services to the provincial sports lottery authorities in China has been a key enabler of the Group's strategy, cementing the Group's first class relationships and reputation across the country.

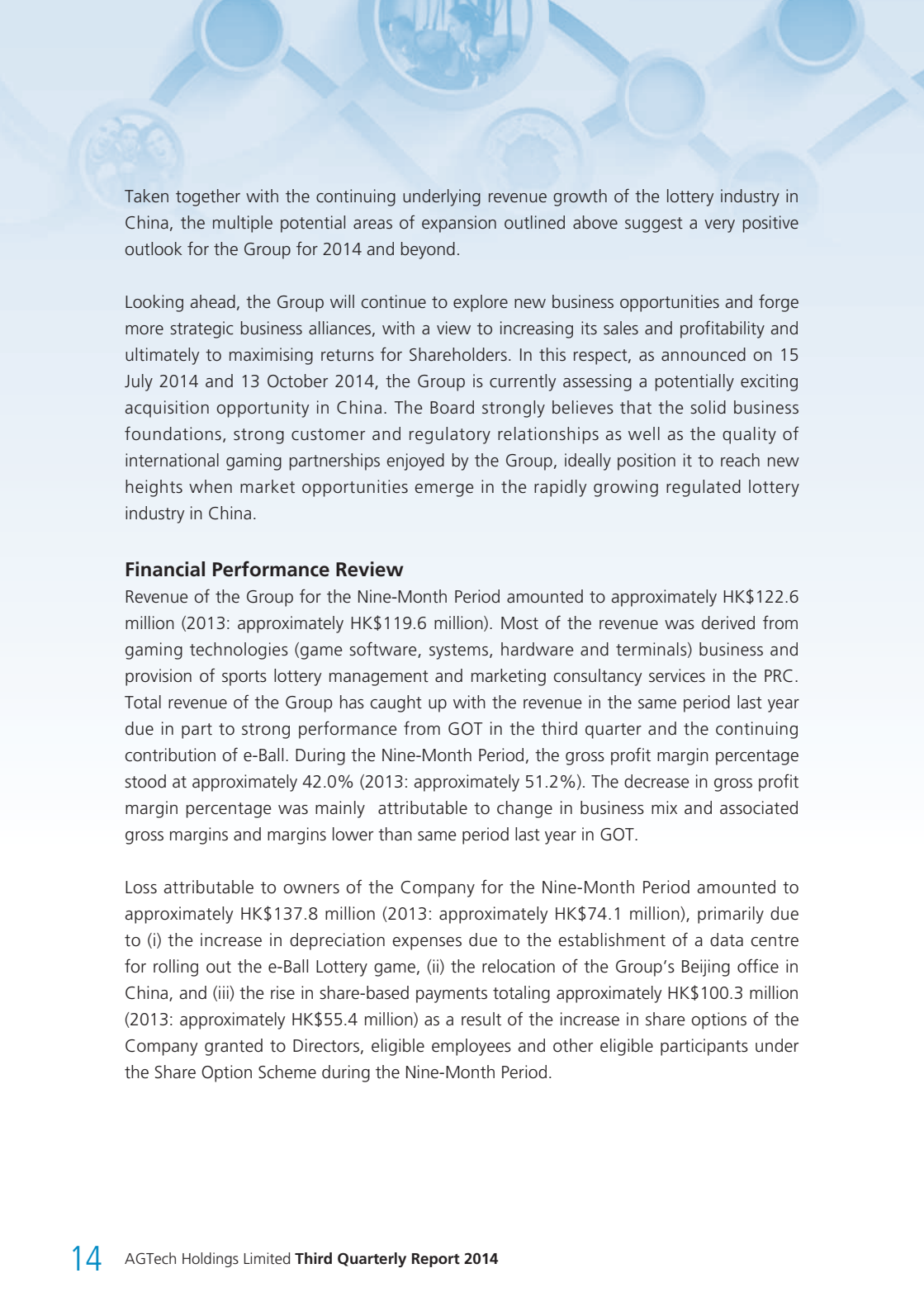


In light of the Group's valuable experience, solid background as well as its trusting cooperative relationships built up with various provincial lottery administration and distribution authorities through the existing lottery management business, together with new lottery technologies/terminals to be introduced and new developments in the new internet/mobile channel business, it is possible that new opportunities in the Lottery Management business will emerge. We are currently exploring and building new business cooperations and business models in this area.

Business Outlook

The Directors are pleased with the strategic progress made so far in 2014 and the ongoing strength of our balance sheet. We believe that the Group is very well positioned for the exciting growth prospects ahead. Firstly, as expected, our partners at the sports lottery have now completed the "next generation" national high frequency game platform that could carry our Lucky Racing game. Accordingly, the Group expects the game to be supplied to more province(s) during the year. Secondly, the Group expects e-Ball Lottery to build on its successful launch in Jiangsu province, paving the way for a national deployment in due course. Thirdly, the Group continues to closely monitor the prospective online and mobile lottery opportunity and is well equipped to react quickly in response to any developments in government policy. Such developments will bring opportunities in terms of our approved content (games) as well as in systems and distribution. Fourthly, in the Gaming Hardware division, the Group will continue to capitalise on the terminal replacement cycle in sports lottery, continue its overseas expansion and look to broaden its product range to VLT and other products. Finally, through its relationship with its strategic shareholder in Macau, the Group will continue to explore business development opportunities in Macau.

The Directors believe that the Chinese government will start to regulate the development of the online and mobile lottery systems and distribution market. As a prudent lottery group that has been providing legitimate lottery products and services in compliance with the regulations and rules of the Chinese government for many years, and in light of its Silvercreek division and first class international partnerships, the Group is well positioned to react to any such regulatory progress. The Directors believe that such developments 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 lottery industry in China, the multiple potential areas of expansion outlined above suggest a very positive outlook for the Group for 2014 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 sales and profitability and ultimately to maximising returns for Shareholders. In this respect, as announced on 15 July 2014 and 13 October 2014, the Group is currently assessing a potentially exciting acquisition opportunity in China. The Board strongly believes that the solid business foundations, strong customer and regulatory 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 regulated lottery industry in China.

Financial Performance Review

Revenue of the Group for the Nine-Month Period amounted to approximately HK\$122.6 million (2013: approximately HK\$119.6 million). Most of the revenue was derived from gaming technologies (game software, systems, hardware and terminals) business and provision of sports lottery management and marketing consultancy services in the PRC. Total revenue of the Group has caught up with the revenue in the same period last year due in part to strong performance from GOT in the third quarter and the continuing contribution of e-Ball. During the Nine-Month Period, the gross profit margin percentage stood at approximately 42.0% (2013: approximately 51.2%). The decrease in gross profit margin percentage was mainly attributable to change in business mix and associated gross margins and margins lower than same period last year in GOT.

Loss attributable to owners of the Company for the Nine-Month Period amounted to approximately HK\$137.8 million (2013: approximately HK\$74.1 million), primarily due to (i) the increase in depreciation expenses due to the establishment of a data centre for rolling out the e-Ball Lottery game, (ii) the relocation of the Group's Beijing office in China, and (iii) the rise in share-based payments totaling approximately HK\$100.3 million (2013: approximately HK\$55.4 million) as a result of the increase in share options of the Company granted to Directors, eligible employees and other eligible participants under the Share Option Scheme during the Nine-Month Period.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2014, the interests and short positions of the Directors and chief executive 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	46.04%
		(Note 1)		
Mr. Robert Geoffrey Ryan	11,070,000	–	11,070,000	0.25%
Mr. Bai Jinmin	10,316,000	44,876,600	55,192,600	1.25%
		(Note 2)		
Mr. Liang Yu	8,038,250	–	8,038,250	0.18%
Mr. Ho King Fung, Eric	–	–	–	0%
Mr. Wang Ronghua	2,775,000	–	2,775,000	0.06%
Mr. Hua Fengmao	2,605,000	–	2,605,000	0.06%
Ms. Monica Maria Nunes	375,000	–	375,000	0.01%

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 & chief executive officer (“CEO”) 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)				Approximate percentage of issued share capital of the Company	
				Outstanding at 1 January 2014	Granted during the Nine-Month Period	Exercised during the Nine-Month Period	Lapsed during the Nine-Month Period		Outstanding at 30 September 2014
Mr. Robert Geoffrey Ryan	21 December 2011	0.2900	21 December 2012 – 20 December 2016	15,948,000	-	(5,316,000)	-	10,632,000	0.24%
	17 August 2012	0.1006	17 August 2013 – 16 August 2017	3,500,000	-	(1,750,000)	-	1,750,000	0.04%
	9 January 2013	0.4250	9 January 2014 – 8 January 2018	8,000,000	-	(2,000,000)	-	6,000,000	0.14%
	21 January 2014	1.3100	21 January 2015 – 20 January 2019	-	5,000,000	-	-	5,000,000	0.11%
Mr. Bai Jinmin	21 December 2011	0.2900	21 December 2012 – 20 December 2016	15,948,000	-	(5,316,000)	-	10,632,000	0.24%
	17 August 2012	0.1006	17 August 2013 – 16 August 2017	2,625,000	-	-	-	2,625,000	0.06%
	9 January 2013	0.4250	9 January 2014 – 8 January 2018	8,000,000	-	(2,000,000)	-	6,000,000	0.14%
	21 January 2014	1.3100	21 January 2015 – 20 January 2019	-	10,000,000	-	-	10,000,000	0.23%

Number of underlying Shares entitled
(in respect of share options of the Company)

Name of Director	Date of grant	Exercise price per Share (HK\$)	Exercisable period	Number of underlying Shares entitled				Approximate percentage of issued share capital of the Company	
				Outstanding at 1 January 2014	Granted during the Nine-Month Period	Exercised during the Nine-Month Period	Lapsed during the Nine-Month Period		Outstanding at 30 September 2014
Mr. Liang Yu	21 December 2011	0.2900	21 December 2012 – 20 December 2016	15,948,000	-	(5,316,000)	-	10,632,000	0.24%
	17 August 2012	0.1006	17 August 2013 – 16 August 2017	2,625,000	-	-	-	2,625,000	0.06%
	9 January 2013	0.4250	9 January 2014 – 8 January 2018	8,000,000	-	(2,000,000)	-	6,000,000	0.14%
	21 January 2014	1.3100	21 January 2015 – 20 January 2019	-	5,000,000	-	-	5,000,000	0.11%
Mr. Ho King Fung, Eric	23 May 2013	0.4890	23 May 2014 – 22 May 2018	42,575,844	-	-	-	42,575,844	0.96%
Mr. Wang Ronghua	21 December 2011	0.2900	21 December 2012 – 20 December 2016	1,500,000	-	-	-	1,500,000	0.03%
	9 January 2013	0.4250	9 January 2014 – 8 January 2018	1,000,000	-	-	-	1,000,000	0.02%
	21 January 2014	1.3100	21 January 2015 – 20 January 2019	-	500,000	-	-	500,000	0.01%
Mr. Hua Fengmao	21 December 2011	0.2900	21 December 2012 – 20 December 2016	1,500,000	-	(500,000)	-	1,000,000	0.02%
	9 January 2013	0.4250	9 January 2014 – 8 January 2018	1,000,000	-	(250,000)	-	750,000	0.02%
	21 January 2014	1.3100	21 January 2015 – 20 January 2019	-	500,000	-	-	500,000	0.01%
Ms. Monica Maria Nunes	20 June 2013	0.4740	20 June 2014 – 19 June 2018	1,500,000	-	(375,000)	-	1,125,000	0.03%
	21 January 2014	1.3100	21 January 2015 – 20 January 2019	-	500,000	-	-	500,000	0.01%

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 2014, none of the Directors or chief executive 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, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2014, so far as was known to the Directors or chief executive of the Company, the following persons (not being Directors or chief executive 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:

- a. 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	2,006,250,000 <i>(Note 1)</i>	45.42%
Hegglin, Daniel Robert	Beneficial owner	220,899,933	5.00%
Rainwood Resources Limited	Beneficial owner	311,852,000	7.06%
Mr. Cheung Lup Kwan, Vitor	Interest of controlled corporation	311,852,000 <i>(Note 2)</i>	7.06%

Notes:

1. 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.
 2. These 311,852,000 Shares were held in the name of Rainwood Resources Limited, which is beneficially and wholly-owned by Mr. Cheung Lup Kwan, Vitor. Accordingly, Mr. Cheung was deemed to be interested in such Shares.
- b. Long position in the underlying Shares in respect of the share option granted under general mandate by the Company (which was regarded as an unlisted physically settled equity derivative):

Name of Shareholder	Capacity	Number of underlying Shares entitled	Approximate percentage of issued share capital of the Company
Rainwood Resources Limited	Beneficial owner	212,879,224	4.82%
Mr. Cheung Lup Kwan, Vitor	Interest of controlled corporation	212,879,224 (Note)	4.82%

Note: On 21 May 2013, Rainwood Resources Limited was granted a share option under general mandate by the Company, entitling it to subscribe for up to a maximum of 212,879,224 Shares at an exercise price of HK\$0.40 per Share (subject to adjustments) exercisable for a period of three years, which option was vested in the grantee on the date of grant. As disclosed above, Mr. Cheung Lup Kwan, Vitor was deemed to be interested in this share option by virtue of his interest in Rainwood Resources Limited.

Save as disclosed above, as at 30 September 2014, the Directors or chief executive 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 2014, apart from the interests in the Shares, underlying Shares and debentures of the Company and its associated corporations held by the Directors, chief executive 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 might compete with the business of the Group.

RETIREMENT OF A NON-EXECUTIVE DIRECTOR

During the Nine-Month Period, Ms. Yang Yang retired as a non-executive Director with effect from the conclusion of the Company's 2014 annual general meeting which was held on 5 May 2014.

APPOINTMENT OF COMPANY SECRETARY, AUTHORISED REPRESENTATIVE, MEMBER OF THE CORPORATE GOVERNANCE COMMITTEE AND SENIOR FINANCIAL CONTROLLER

During the Nine-Month Period, Mr. Lai Yick Fung was appointed as the company secretary, authorised representative, member of the corporate governance committee and senior financial controller of the Company with effect from 7 April 2014.

AUDIT COMMITTEE

The audit committee of the Company comprises three independent non-executive Directors, namely, Ms. Monica Maria Nunes, 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.

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 for 427,790,238 Shares were granted by the Company pursuant to the Share Option Scheme. During the Nine-Month Period, options for 67,937,750 Shares were exercised and options for 7,577,500 Shares were lapsed. As at 30 September 2014, options for 762,116,676 Shares remained outstanding.

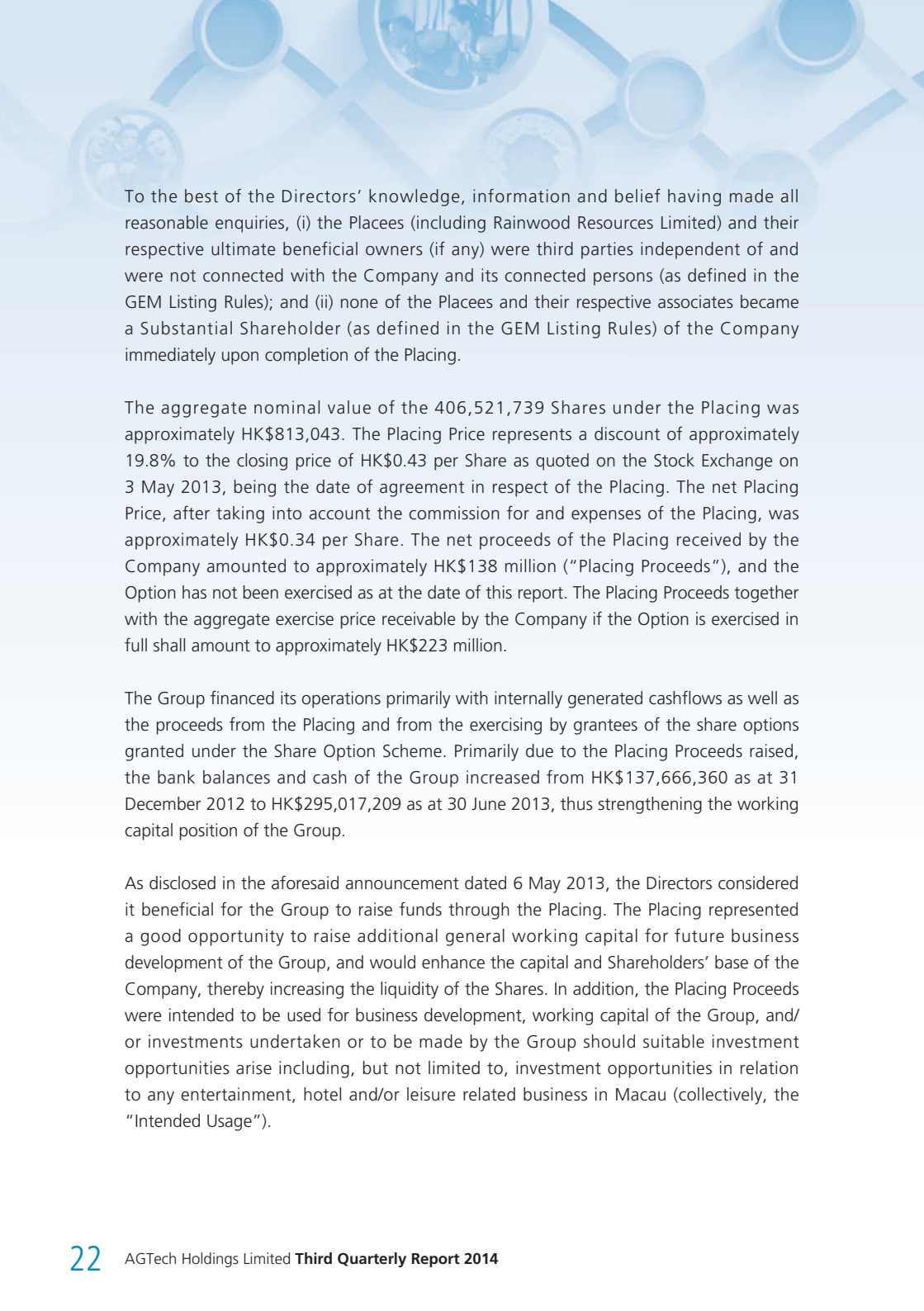
PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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.

FUND RAISING ACTIVITIES AND USE OF PROCEEDS

As disclosed in the announcements of the Company dated 6 May 2013 and 21 May 2013, the Company completed on 21 May 2013:

- (i) a placing of 406,521,739 Shares at the placing price ("Placing Price") of HK\$0.345 each under general mandate ("Placing") to not less than six independent individual, corporate, professional and/or institutional investors ("Placees"); and
- (ii) the grant of an option ("Option") under general mandate to Rainwood Resources Limited, entitling it to subscribe for up to 212,879,224 Shares at an exercise price of HK\$0.40 per Share (subject to adjustments) over an exercisable period of three years.



To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the Placees (including Rainwood Resources Limited) and their respective ultimate beneficial owners (if any) were third parties independent of and were not connected with the Company and its connected persons (as defined in the GEM Listing Rules); and (ii) none of the Placees and their respective associates became a Substantial Shareholder (as defined in the GEM Listing Rules) of the Company immediately upon completion of the Placing.

The aggregate nominal value of the 406,521,739 Shares under the Placing was approximately HK\$813,043. The Placing Price represents a discount of approximately 19.8% to the closing price of HK\$0.43 per Share as quoted on the Stock Exchange on 3 May 2013, being the date of agreement in respect of the Placing. The net Placing Price, after taking into account the commission for and expenses of the Placing, was approximately HK\$0.34 per Share. The net proceeds of the Placing received by the Company amounted to approximately HK\$138 million ("Placing Proceeds"), and the Option has not been exercised as at the date of this report. The Placing Proceeds together with the aggregate exercise price receivable by the Company if the Option is exercised in full shall amount to approximately HK\$223 million.

The Group financed its operations primarily with internally generated cashflows as well as the proceeds from the Placing and from the exercising by grantees of the share options granted under the Share Option Scheme. Primarily due to the Placing Proceeds raised, the bank balances and cash of the Group increased from HK\$137,666,360 as at 31 December 2012 to HK\$295,017,209 as at 30 June 2013, thus strengthening the working capital position of the Group.

As disclosed in the aforesaid announcement dated 6 May 2013, the Directors considered it beneficial for the Group to raise funds through the Placing. The Placing represented a good opportunity to raise additional general working capital for future business development of the Group, and would enhance the capital and Shareholders' base of the Company, thereby increasing the liquidity of the Shares. In addition, the Placing Proceeds were intended to be used for business development, working capital of the Group, and/or investments undertaken or to be made by the Group should suitable investment opportunities arise including, but not limited to, investment opportunities in relation to any entertainment, hotel and/or leisure related business in Macau (collectively, the "Intended Usage").

The actual usage of the Placing Proceeds has been as follows:

Period under review	Aggregate amount used during period under review	Purpose of usage	Remaining balance of Placing Proceeds as at the last date of the period under review*
since completion of the Placing on 21 May 2013 up to and including 31 December 2013	approximately HK\$37 million	for working capital of the Group	approximately HK\$101 million
from 1 January 2014 up to and including 30 September 2014	approximately HK\$8 million	for working capital of the Group	approximately HK\$93 million

* *The remaining balance would be used in accordance with the Intended Usage and has been placed in the bank savings account of the Company.*

DEFINITIONS

In this report, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Board”	means the board of Directors;
“Company” or “AGTech”	means AGTech Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on GEM;
“Director(s)”	means the director(s) of the Company;
“GEM”	means the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited;
“GEM Listing Rules”	means the Rules Governing the Listing of Securities on GEM;
“GOT”	means 北京亞博高騰科技有限公司 (Beijing AGTech GOT Technology Co., Ltd.*), a company incorporated in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company;

* *For identification purpose only*

“Group”	means the Company and its subsidiaries;
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;
“Macau”	means the Macau Special Administrative Region of the PRC;
“PRC” or “China”	means the People’s Republic of China which, for the purpose of this report, excludes Hong Kong, Macau and Taiwan;
“Share(s)”	means ordinary share(s) of HK\$0.002 each in the share capital of the Company;
“Shareholder(s)”	means holder(s) of the Share(s);
“Share Option Scheme”	means the share option scheme of the Company adopted on 18 November 2004;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“RMB”	Renminbi, the lawful currency of the PRC; and
“%”	per cent.

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

Hong Kong, 12 November 2014

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) Mr. Ho King Fung, Eric as non-executive Director; and (iii) Ms. Monica Maria Nunes, Mr. Wang Ronghua and Mr. Hua Fengmao as independent non-executive Directors.

This report will remain on the “Latest Company Announcements” page of the GEM website operated by the Stock Exchange at www.hkgem.com for at least seven days from the day of its posting and will be published on the website of the Company at www.agtech.com.