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This announcement, 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 announcement 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 announcement misleading.

AGTech
www.agtech.com

AGTech Holdings Limited
亞博科技控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 8279)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

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.

* *For identification purpose only*

FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2013

- Total revenue of the Group for the year under review amounted to approximately HK$208.4 million (2012: approximately HK$229.3 million). Most of the revenue was derived from gaming technologies (game software, systems, hardware and terminals) services and from sports lottery management and marketing consultancy services in the PRC.

- The Group recorded a loss from business operations of approximately HK$15.2 million (2012: profit of approximately HK$1.3 million). The gross profit percentage for the year under review stood at approximately 43.8%.

- Loss attributable to owners of the Company for the year under review amounted to approximately HK$82.9 million, primarily due to the share-based payments (totalling approximately HK$60.1 million) 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.

- The Board does not recommend the payment of a final dividend for the year.

RESULTS

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2013, together with the comparative audited figures for the year ended 31 December 2012 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	**2013** *HK$*	2012 *HK$*
Revenue	*4*	**208,359,744**	229,328,500
Cost of sales and services		**(117,091,934)**	(127,693,912)
Gross profit		**91,267,810**	101,634,588
Investment and other income		**2,088,338**	2,129,696
Other gains and losses		**–**	78,119
Selling and administrative expenses		**(108,532,427)**	(102,520,167)
Share of losses of a joint venture		**(178)**	(2,750)
(Loss)/profit from business operations		**(15,176,457)**	1,319,486
Share-based payments		**(60,072,362)**	(9,997,944)
Net foreign exchange loss		**(105,667)**	(148,949)
Amortisation of other intangible assets	*10*	**(478,805)**	(19,442,475)
Finance costs		**(517,190)**	(2,225,762)
Loss before tax		**(76,350,481)**	(30,495,644)
Income tax expense	*6*	**(7,630,537)**	(853,032)
Loss for the year	*7*	**(83,981,018)**	(31,348,676)
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Translation differences on translating foreign operations		**33,688,361**	6,171,091
Translation differences released upon disposals of subsidiaries		**–**	(78,119)
Other comprehensive income for the year, net of income tax		**33,688,361**	6,092,972
Total comprehensive income for the year		**(50,292,657)**	(25,255,704)

	Notes	**2013** *HK$*	2012 *HK$*
Loss attributable to:			
Owners of the Company		**(82,939,885)**	(32,862,140)
Non-controlling interests		**(1,041,133)**	1,513,464
		(83,981,018)	(31,348,676)
Total comprehensive income attributable to:			
Owners of the Company		**(49,456,875)**	(26,780,964)
Non-controlling interests		**(835,782)**	1,525,260
		(50,292,657)	(25,255,704)
Loss per Share			
Basic and diluted	*8*	**HK2.01 cents**	HK0.85 cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	Notes	2013 HK$	2012 HK$
Non-current assets			
Property, plant and equipment		**53,078,985**	54,158,208
Goodwill	9	**796,946,317**	772,518,603
Other intangible assets	10	**2,700,348**	3,135,488
Investment in a joint venture		**647,072**	647,250
Deposits and prepayments		**28,891,609**	16,466,487
Other assets		**1,802,122**	1,746,884
Deferred tax assets	14	**4,589,919**	3,488,071
		888,656,372	852,160,991
Current assets			
Inventories		**46,532,486**	24,477,548
Trade receivables	11	**37,288,514**	77,077,646
Other receivables, deposits and prepayments		**55,383,695**	42,336,355
Amount due from a joint venture		**5,855**	5,500
Pledged bank deposits		**–**	18,453,000
Bank balances and cash	12	**286,530,951**	137,666,360
		425,741,501	300,016,409
Current liabilities			
Trade payables	13	**9,782,747**	4,714,449
Accruals and other payables		**31,219,473**	33,497,691
Amount due to a joint venture		**650,000**	650,000
Secured bank borrowings		**–**	17,550,000
Current tax liabilities		**2,472,838**	2,662,984
		44,125,058	59,075,124
Net current assets		**381,616,443**	240,941,285
Total assets less current liabilities		**1,270,272,815**	1,093,102,276
Non-current liabilities			
Provision for warranties		**30,495,217**	23,152,758
Deferred tax liabilities	14	**4,398,952**	4,598,558
		34,894,169	27,751,316
Net assets		**1,235,378,646**	1,065,350,960
Capital and reserves			
Share capital		**8,697,648**	7,687,907
Reserves		**1,225,390,179**	1,055,536,452
Equity attributable to owners of the Company		**1,234,087,827**	1,063,224,359
Non-controlling interests		**1,290,819**	2,126,601
Total equity		**1,235,378,646**	1,065,350,960

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Attributable to owners of the Company									
	Share capital HK$	Share premium HK$	Share options reserve HK$	Statutory reserve HK$ (Note (a))	Exchange reserve HK$	Contributed surplus HK$ (Note (b))	Accumulated losses HK$	Subtotal HK$	Attributable to non-controlling interests HK$	Total 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 year	–	–	–	–	–	–	(32,862,140)	(32,862,140)	1,513,464	(31,348,676)
Other comprehensive income for the year	–	–	–	–	6,081,176	–	–	6,081,176	11,796	6,092,972
Total comprehensive income for the year	–	–	–	–	6,081,176	–	(32,862,140)	(26,780,964)	1,525,260	(25,255,704)
Recognition of equity-settled share-based payments	–	–	9,997,944	–	–	–	–	9,997,944	–	9,997,944
Lapse of share options	–	–	(67,068,704)	–	–	–	67,068,704	–	–	–
Transfer from accumulated losses	–	–	–	4,747,305	–	–	(4,747,305)	–	–	–
Balance at 31 December 2012 and 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 year	–	–	–	–	–	–	(82,939,885)	(82,939,885)	(1,041,133)	(83,981,018)
Other comprehensive income for the year	–	–	–	–	33,483,010	–	–	33,483,010	205,351	33,688,361
Total comprehensive income for the year	–	–	–	–	33,483,010	–	(82,939,885)	(49,456,875)	(835,782)	(50,292,657)
Recognition of equity-settled share-based payments	–	–	60,072,362	–	–	–	–	60,072,362	–	60,072,362
Lapse of share options	–	–	(11,504,495)	–	–	–	11,504,495	–	–	–
Shares issued by way of placing	813,043	139,436,957	–	–	–	–	–	140,250,000	–	140,250,000
Share issue expenses	–	(2,020,706)	–	–	–	–	–	(2,020,706)	–	(2,020,706)
Shares issued on exercise of part of share options	196,698	79,011,492	(57,189,503)	–	–	–	–	22,018,687	–	22,018,687
Transfer from accumulated losses	–	–	–	3,116,933	–	–	(3,116,933)	–	–	–
Balance at 31 December 2013	**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**

Notes:

(a) In accordance with the statutory requirements in the PRC, subsidiaries of the Company registered in the PRC are required to transfer a certain percentage of their annual net income from retained profits to statutory reserve. The statutory reserve is not distributable.

(b) The contributed surplus of the Group represents the transfer from share premium account in a prior year.

1. GENERAL

The Company was incorporated in Bermuda as an exempted company with limited liability and its issued Shares have been listed on GEM.

At 31 December 2013, the Directors regard MAXPROFIT GLOBAL INC, a private limited company incorporated in the British Virgin Islands ("BVI"), as the immediate and ultimate holding company of the Company.

The Company is an investment holding company and its principal subsidiaries are mainly engaged in provision of gaming technologies (game software, systems, hardware and terminals) services and sports lottery management and marketing consultancy services in the PRC.

The consolidated financial statements are presented in HK$. The functional currency of the Company is RMB. As the Company is listed in Hong Kong, the Directors consider that it is appropriate to present the consolidated financial statements in HK$.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS")

The Group has applied for the first time in the current year the following new and revised HKFRS:

HKFRS (Amendments)	Annual Improvements 2009-2011 Cycle
HKFRS 1 (Amendments)	Government Loans
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 13	Fair Value Measurement
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

The adoption of the new and revised HKFRS has no material effect on the consolidated financial statements of the Group for the current or prior years.

The Group has not early applied the following new and revised HKFRS that have been issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA") but are not yet effective, in the consolidated financial statements:

HKFRS (Amendments)	Annual Improvements 2010-2012 Cycle[2]
HKFRS (Amendments)	Annual Improvements 2011-2013 Cycle[3]
HKFRS 9	Financial Instruments[5]
HKFRS 7 and HKFRS 9 (Amendments)	Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39[5]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendments)	Investment Entities[1]
HKFRS 14	Regulatory Deferral Accounts[4]

HKAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions[3]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[1]
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets[1]
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC) – Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.
2 Effective for grant date, acquisition date or annual periods beginning on or after 1 July 2014 as appropriate, with earlier application permitted.
3 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.
4 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
5 No mandatory effective date yet determined but is available for adoption.

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compare with the requirement of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated at fair value through profit or loss using fair value option ("FVO"). For theses FVO liabilities, the amount of change in fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

In December 2013, the HKICPA added to HKFRS 9 the requirements related to hedge accounting and made some related changes to HKAS 39 and HKFRS 7 which include the corresponding disclosures about risk management activity for applying hedge accounting. The amendments to HKFRS 9 relax requirements for assessing hedge effectiveness which result in more risk management strategies being eligible for hedge accounting. The amendments also allow greater flexibility on the hedged items and relax the rules on using purchased options and non-derivative financial instruments as hedging instruments. In addition, the amendments to HKFRS 9 allow an entity to apply only the improved accounting for own credit-risk related fair value gains and losses arising on FVO liabilities as introduced in 2010 without applying the other HKFRS 9 requirements at the same time.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on impairment of financial assets continues to apply. The previous mandatory effective date of HKFRS 9 was removed by the HKICPA in December 2013 and a mandatory effective date will be determined after the entire replacement of HKAS 39 is completed. However, the standard is available for application now. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

The Group is in the process of making an assessment of what the impact of the other new or revised HKFRS is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRS issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

4. REVENUE

Revenue represents the amounts received and receivable from gaming technologies (game software, systems, hardware and terminals) services and from sports lottery management and marketing consultancy services in the PRC for the year, and is analysed as follows:

	2013	2012
	HK$	*HK$*
Provision of sports lottery management and marketing consultancy services	**29,470,559**	77,685,675
Provision of gaming technologies (game software, systems, hardware and terminals) services	**178,889,185**	151,642,825
	208,359,744	229,328,500

5. SEGMENT INFORMATION

Information reported to the Directors, being the chief operating decision maker (the "CODM"), for the purposes of resources allocation and assessment of performance focuses specifically on the revenue analysis by principal categories of the Group's business and the profit of the Group as a whole.

Accordingly, the CODM have determined that the Group has one sole operating segment (as a professional service provider in China's sports lottery market). The information regarding revenue derived from the principal businesses described above is set out in Note 4.

Additional disclosure in relation to segment information is not presented as the CODM assess the performance of the sole operating segment identified based on the consistent information as disclosed in the consolidated financial statements.

The total net segment income is equivalent to total comprehensive income for the year as shown in the consolidated statement of profit or loss and other comprehensive income and the total segment assets and total segment liabilities are equivalent to total assets and total liabilities as shown in the consolidated statement of financial position.

Geographical information

The Group's operations are mainly located in the PRC.

The Group's revenue from external customers by location of operations and information about its non-current assets* by location of assets are detailed below:

	Revenue from external customers		Non-current assets*	
	2013	2012	**2013**	2012
	HK$	*HK$*	***HK$***	*HK$*
PRC	**199,558,167**	229,260,426	**883,263,368**	845,274,739
Hong Kong	**–**	–	**803,085**	3,398,181
Others	**8,801,577**	68,074	**–**	–
	208,359,744	229,328,500	**884,066,453**	848,672,920

* Non-current assets excluding deferred tax assets.

Information about major customers

Revenue from customers of corresponding years contributing over 10% of total revenue of the Group is as follows:

	2013	2012
	HK$	*HK$*
Customer A	**N/A[1]**	48,163,829
Customer B	**22,128,927**	26,352,601
Customer C	**N/A[1]**	27,786,415
Customer D	**50,205,829**	25,551,135
Customer E	**N/A[1]**	23,975,002
	72,334,756	151,828,982

[1] The corresponding customer did not contribute over 10% or more to the Group's revenue in the respective year.

6. INCOME TAX EXPENSE

	2013	2012
	HK$	*HK$*
Current tax:		
– PRC Enterprise Income Tax ("EIT")	**8,250,705**	5,870,699
Under provision in prior year:		
– PRC EIT	**715,284**	393,389
Deferred tax:		
– Current year	**(1,335,452)**	(5,411,056)
Total income tax recognised in profit or loss	**7,630,537**	853,032

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No provision for Hong Kong Profits Tax has been made as there were no assessable profits arising in or derived from Hong Kong for both years.

北京亞博高騰科技有限公司 (Beijing AGTech GOT Technology Co., Ltd.*) ("GOT") is subject to PRC EIT at 15% for both years as GOT is recognised as an Advanced and New Technology Enterprise under the PRC EIT Law. Other PRC subsidiaries are subject to PRC EIT at 25% for both years. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The tax charge for the year can be reconciled to loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2013	2012
	HK$	*HK$*
Loss before tax	**(76,350,481)**	(30,495,644)
Tax at domestic income tax rate	**(15,470,586)**	(5,806,623)
Tax effect of expenses not deductible for tax purpose	**14,354,902**	8,212,070
Tax effect of income not taxable for tax purpose	**(23,578)**	(6,373,497)
Tax effect of unrecognised estimated tax losses	**9,389,967**	9,838,749
Under provision in prior year	**715,284**	393,389
Reversal of temporary differences	**(1,335,452)**	(5,411,056)
Income tax expense for the year	**7,630,537**	853,032

* *For identification purpose only*

7. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging/(crediting):

	2013	2012
	HK$	*HK$*
Auditors' remuneration	**950,000**	950,000
Cost of inventories recognised as an expense (included in cost of sales and services)	**78,179,053**	74,397,230
Provision for warranties (included in cost of sales and services)	**11,817,322**	10,149,932
Reversal of provision for warranties (included in cost of sales and services)	**(2,259,239)**	(1,471,568)
Depreciation of property, plant and equipment	**7,797,197**	10,581,439
Net (gains)/losses on disposals of property, plant and equipment	**(104,653)**	50,349
Operating lease rentals in respect of rented premises	**8,658,870**	8,547,123
Research and development costs	**9,585,461**	10,641,208
Uncollectible amounts of other receivables, deposits and prepayments written off	**–**	70,770

Employee benefits expense, including Directors' remunerations:

	2013	2012
Fees, salaries, discretionary bonuses and other benefits	**43,680,428**	45,708,445
Share-based payments	**13,217,793**	8,922,469
Social security costs	**6,911,719**	6,870,932
Contributions to retirement benefits schemes	**170,357**	131,828
Total employee benefits expense	**63,980,297**	61,633,674

8. LOSS PER SHARE

The calculation of basic and diluted loss per Share is based on the loss attributable to owners of the Company for the year ended 31 December 2013 of HK$82,939,885 (2012: HK$32,862,140) and the weighted average number of 4,126,466,413 Shares (2012: 3,843,953,375 Shares) in issue during the year ended 31 December 2013.

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 current and prior years.

9. GOODWILL

	HK$
COST	
Balance at 1 January 2012	767,997,278
Effect of foreign currency exchange differences	4,521,325
Balance at 31 December 2012 and 1 January 2013	772,518,603
Effect of foreign currency exchange differences	24,427,714
Balance at 31 December 2013	796,946,317
CARRYING AMOUNTS	
Balance at 31 December 2013	**796,946,317**
Balance at 31 December 2012	772,518,603

10. OTHER INTANGIBLE ASSETS

	Club membership HK$	Capitalised development costs HK$	Non-competition agreements HK$	Contracted Customer HK$	Total HK$
COST					
Balance at 1 January 2012	1,741,936	2,770,791	6,051,404	205,351,484	215,915,615
Effect of foreign currency exchange differences	–	16,312	35,626	1,208,938	1,260,876
Balance at 31 December 2012 and 1 January 2013	1,741,936	2,787,103	6,087,030	206,560,422	217,176,491
Effect of foreign currency exchange differences	–	88,131	192,477	6,531,621	6,812,229
Balance at 31 December 2013	**1,741,936**	**2,875,234**	**6,279,507**	**213,092,043**	**223,988,720**
AMORTISATION					
Balance at 1 January 2012	–	923,597	6,051,404	186,527,553	193,502,554
Amortisation expense	–	465,552	–	18,976,923	19,442,475
Effect of foreign currency exchange differences	–	4,402	35,626	1,055,946	1,095,974
Balance at 31 December 2012 and 1 January 2013	–	1,393,551	6,087,030	206,560,422	214,041,003
Amortisation expense	–	478,805	–	–	478,805
Effect of foreign currency exchange differences	–	44,466	192,477	6,531,621	6,768,564
Balance at 31 December 2013	**–**	**1,916,822**	**6,279,507**	**213,092,043**	**221,288,372**
CARRYING AMOUNTS					
Balance at 31 December 2013	**1,741,936**	**958,412**	**–**	**–**	**2,700,348**
Balance at 31 December 2012	1,741,936	1,393,552	–	–	3,135,488

The Directors consider that the club membership has indefinite useful life.

The amount of the capitalised development costs represents the expenditure capitalised for development of certain sports lottery products. The amounts is amortised on a straight-line method over the estimated useful life of 6 years.

The amount of the non-competition agreements represents the fair value of the non-competition clause embedded in the employment contracts between top management and SYSTEK LTD and its subsidiary (“Systek Group”) upon the acquisition of Systek Group by the Group. The amount is amortised on a straight-line method over the estimated useful life of 5 years.

The amount of the contracted customer represents the fair value of the contractual rights stated in the consultancy agreements with a principal customer of SHINING CHINA INC and its subsidiaries (“Shining China Group”) for providing consultancy services upon the acquisition of Shining China Group by the Group (the “Contracted Customer”). The amount is amortised on a straight-line method over the period of 4 to 6 years in accordance with the terms of the consultancy agreements.

11. TRADE RECEIVABLES

	2013	2012
	HK$	*HK$*
Trade receivables	**37,288,514**	77,077,646

The following is an analysis of trade receivables by age, presented based on the terms of the related contracts or the invoice/delivery date, which approximate the respective revenue recognition dates:

	2013	2012
	HK$	*HK$*
0 to 30 days	**31,925,030**	75,090,285
31 to 60 days	**861,719**	143,088
61 to 90 days	**491,141**	320,624
91 to 120 days	**861,719**	73,450
121 to 365 days	**2,641,670**	839,261
Over 365 days	**507,235**	610,938
	37,288,514	77,077,646

The credit terms granted to customers are varied and are generally the result of negotiations between individual customers and the Group. The average credit period is 30 days (2012: 30 days). No interest is charged on trade receivables.

At 31 December 2013, 96.75% (2012: 97.42%) of the trade receivables are neither past due nor impaired relate to a number of independent customers that have a good track record with the Group. Of the trade receivables balance at the end of the reporting period, approximately 54% (2012: 30%) and 76% (2012: 55%) were due from the Group's largest customer and the five largest customers respectively.

Trade receivables disclosed above include amounts (see below for aged analysis) which are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in the credit quality and the amounts are still considered recoverable. Accordingly, there was no provision for impairment losses in respect of these trade receivables at 31 December 2013 (2012: nil).

Age of trade receivables that are past due but not impaired

	2013	2012
	HK$	*HK$*
Overdue by:		
0 to 30 days	**273,188**	143,088
31 to 60 days	**–**	320,624
61 to 90 days	**–**	73,450
91 to 120 days	**–**	839,261
121 to 365 days	**612,024**	–
Over 365 days	**327,838**	610,938
Total	**1,213,050**	1,987,361
Average age (days)	**225**	168

12. BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group and short-term bank deposits carry effective interest at 0.001% – 4.520% per annum (2012: 0.001%–1.530% per annum) with an original maturity of three months or less. As at 31 December 2013, bank balances and cash of approximately HK$158,205,000 (2012: approximately HK$122,944,000) were denominated in RMB which are not freely convertible into other currencies.

13. TRADE PAYABLES

The following is an analysis of trade payables by age based on the invoice date:

	2013	2012
	HK$	*HK$*
0 to 30 days	**9,021,534**	4,361,688
31 to 60 days	**108,253**	–
91 to 120 days	**14,101**	295,408
121 to 365 days	**638,859**	–
Over 365 days	**–**	57,353
	9,782,747	4,714,449

The average credit period is 30 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. Trade payables are non-interest-bearing.

14. DEFERRED TAXATION

The following are the deferred tax assets and liabilities recognised and movements thereon during the current and prior years:

Deferred tax assets

	Provision for warranties
	HK$
Balance at 1 January 2012	3,138,691
Effect of foreign currency exchange differences	17,741
Credit to profit or loss	331,639
Balance at 31 December 2012 and 1 January 2013	3,488,071
Effect of foreign currency exchange differences	111,124
Credit to profit or loss	990,724
Balance at 31 December 2013	**4,589,919**

Deferred tax liabilities

	Accelerated tax depreciation *HK$*	Intangible assets *HK$*	Dividend Withholding tax *HK$*	Total *HK$*
Balance at 1 January 2012	4,904,126	4,705,984	1,223,000	10,833,110
Effect of foreign currency exchange differences	29,618	38,247	2,780	70,645
Transfer to current taxation	–	–	(1,225,780)	(1,225,780)
Credit to profit or loss	(335,186)	(4,744,231)	–	(5,079,417)
Balance at 31 December 2012 and 1 January 2013	4,598,558	–	–	4,598,558
Effect of foreign currency exchange differences	145,122	–	–	145,122
Credit to profit or loss	(344,728)	–	–	(344,728)
Balance at 31 December 2013	4,398,952	–	–	4,398,952

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to the profits earned by the PRC subsidiaries amounting to approximately HK$75,284,000 (2012: approximately HK$56,385,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

At the end of the reporting period, the Group has estimated unused tax losses of approximately HK$196,308,000 (2012: approximately HK$156,317,000) available for offsetting against future profits of the companies in which the losses arose. Included in the estimated unused tax losses are losses of approximately HK$26,733,000 (2012: approximately HK$5,653,000) that will expire within 5 years. Other estimated unused tax losses of approximately HK$169,575,000 (2012: approximately HK$150,664,000) may be carried forward indefinitely. No deferred tax asset has been recognised in respect of these estimated unused tax losses due to unpredictability of future profit streams.

15. DIVIDEND

The Board does not recommend the payment of a final dividend for the year (2012: nil).

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) online and mobile lottery; and (iii) lottery management. The Group is committed to applying 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 a national and provincial level, as well as the quality of its management, employees, technology and partners.

Through Asia Gaming Technologies Limited and its subsidiaries ("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 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 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

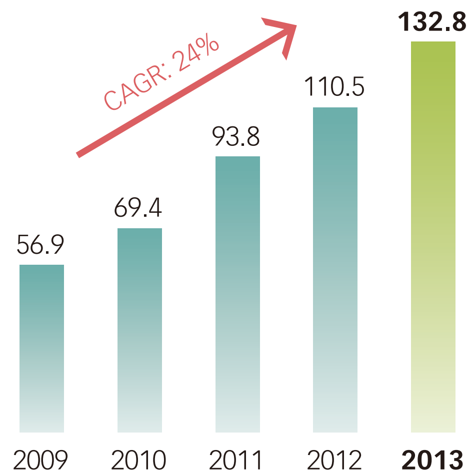
Our long-term objectives are to maintain a leading position as a lottery technology group in China and to provide innovative and competitive legal lottery games to help the Chinese government to crack down on illegal gambling. In order to achieve these objectives, we are committed to bringing together 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

China's Sports Lottery Market Achieved Sales of over RMB132 billion in 2013

2013 was another record year for China's second largest permitted operator, the China Sports Lottery. According to data published by the PRC's Ministry of Finance, total sports lottery sales reached RMB132.8 billion. Sales increased by RMB22.3 billion from the prior year, representing an annual growth rate of approximately 20%. This growth enabled the sports lottery to raise over RMB35.1 billion for good causes, the largest annual amount in the sports lottery's history.

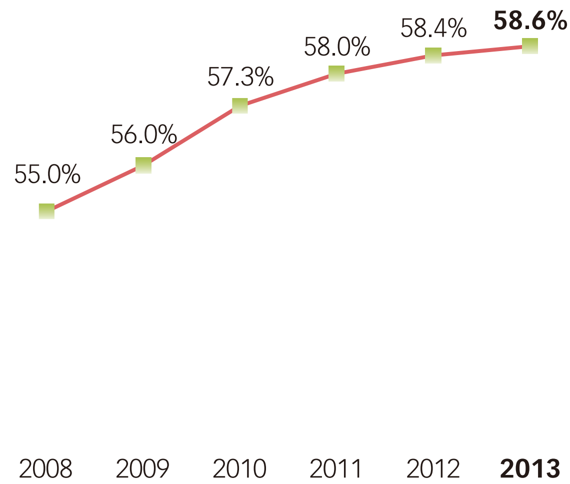
China's Sports Lottery Sales Development 2009-2013 (RMB billion)



Source: PRC Ministry of Finance

As shown in the accompanying chart, the sports lottery has delivered ever increasing sales between 2009 and 2013, growing at a compound rate of approximately 24% in this period. This growth has been driven by a number of factors, not only the increased prize payout ratios shown here, but also the introduction of more appealing products as well as improvements to the retail distribution network, both in terms of increased absolute shop numbers as well as the nascent interface between the retail network and remote channels.

Sports Lottery Payout Ratio Development 2008-2013



Source: China Sports Lottery

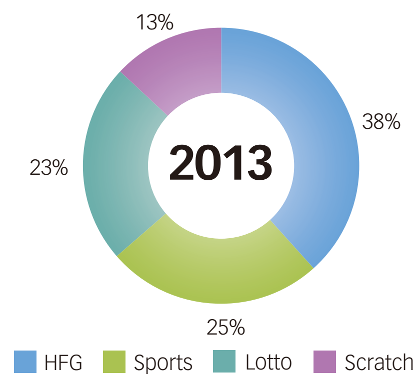
Despite the impressive growth of the sports and welfare lotteries in recent years, compared with other countries, China's lottery participation rates are at an extremely low level. Gross win (stakes less prizes) as a proportion of GDP is far lower than in other countries in the region. This lack of penetration by the regulated products is driven by a number of factors which include constraints on distribution with respect to low numbers of shops per capita and the nascent stage of development of the remote channel, gaps in terms of the breadth of certain products (eg sports betting) and finally, particularly for the products with higher play frequency, payout ratios which are not sufficiently high to effectively compete with the illegal market.

The authorities in China are committed to channeling the existing vast underground gaming revenues away from the illegal market and into the legal and regulated lottery network. This process is already well underway and is a vital step to ensure that the vulnerable in Chinese society are adequately protected, that the potential for corruption is minimised and, importantly, to increase the funding available for good causes. Through further initiatives such as continued increases in prize payout ratios, the introduction of new rapid-draw lottery and virtual sports betting games, further expansion of the sports betting network and the planned development of online and mobile distribution channels, the Chinese authorities will make the regulated lottery even more competitive and appealing and secure its continued rapid growth.

Industry Highlights

The sports lottery has four main product categories, high frequency games featuring multiple draws per hour ("HFG"), lotto games that are traditional in nature and have a daily or weekly draw pattern ("Lotto"), sports betting ("Sports") and instant scratch cards ("Scratch").

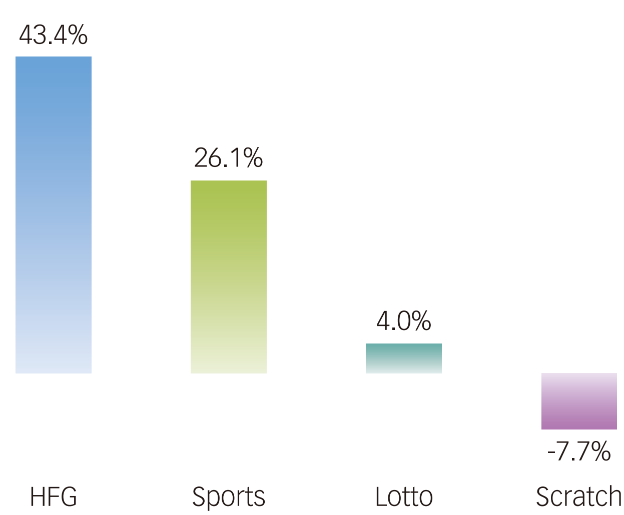
Sports Lottery Market Share by Major Game Type (2013)



Source: China Sports Lottery

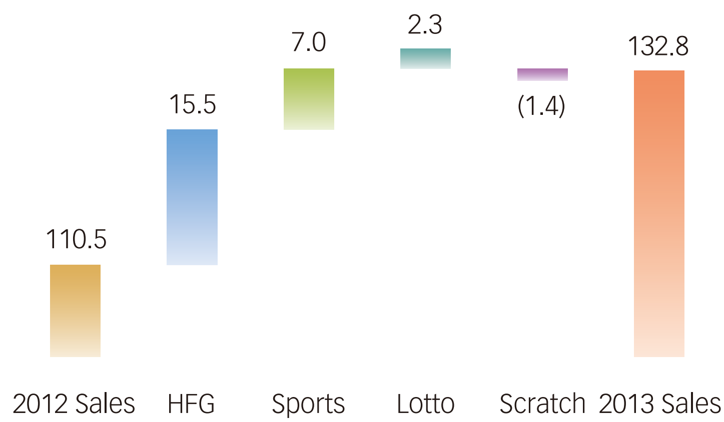
The overall growth of approximately 20% for sports lottery in 2013 was a product of widely differing performance in each of the products. Whilst HFG and Sports enjoyed very strong growth, Lotto grew more modestly and Scratch posted another year of declining sales figures.

Sports Lottery Growth Comparison by Product (2013 vs 2012)



Source: China Sports Lottery

Sports Lottery Sales Bridge 2012–2013 (RMB billion)



Source: China Sports Lottery

Performance by Product Type

1. *High Frequency Games*

With an annual growth rate of over 40%, 2013 was another strong year for HFG. The growth in HFG reflects the continuation of a number of trends seen in the prior year: the on-going introduction of HFG to more provinces, the full year effect of such new launches in 2012 and an increase in the payout ratio in a number of provinces. Lucky Racing, AGT's proprietary game, is currently classified as a high frequency game and operates within the higher payout category of 59%.

We expect the sports lottery to continue to exploit the clear popularity of HFG and believe that our Virtual Sports Betting business will benefit from this, particularly through the planned national roll-out of Lucky Racing.

2. *Sports*

There are two main game categories within Sports, single match betting and traditional football betting. Whilst both formats permit betting on European soccer, single match betting differs from the traditional football betting category in two respects. Traditional football betting obliges the player to predict the outcome of every forthcoming match in a given period whereas in single match betting players can bet on just one event. In addition, single match betting players are not restricted to football betting since they can also bet on the United States' NBA tournament. Within the single match betting category there are two game sub-types: Jing Cai a product allowing pool or pari-mutuel betting on single matches or fixed odds betting on more than one match (multiples or accumulators) and Beijing single match (available in Beijing, Tianjing and Guangdong province only) where all bets (singles or accumulators) are pari-mutuel in nature.

Sports as a category grew by 26% in 2013. Of the RMB33.8 billion of Sports sales in 2013, approximately RMB22.9 billion was accounted for by Jing Cai. This represents an approximate 68% share of the Sports market (from 65% in 2012) and an annual growth rate for Jing Cai of 32%.

It is clear that the Jing Cai product and in particular its fixed odds prize structure is particularly popular with Chinese players. This is consistent with our experiences in terms of the performance of our virtual sports betting games. Lucky Racing and e-Ball lottery also feature a fixed odds betting model and this gives us confidence that the roll-out of these virtual lottery games is likely to prove highly successful.

3. Lotto

The traditional lotto games contributed sales of approximately RMB31 billion during the year, this represents a return to growth for this category. These traditional draw games are dominated by three games, Super Lotto (51% of the category) and Rank 3 and Rank 5 (30% combined). Lotto was the first game category to be introduced in the sports lottery and as such is relatively mature compared to the other categories.

4. Scratch

In 2013, sales of Scratch tickets were approximately RMB16.6 billion, a decline of approximately 8% from the previous year. Scratch accounted for approximately 13% of the total sports lottery market in 2013 compared to 16% and 21% in the preceding two years. The poor performance of Scratch continues to be attributed to logistical and capacity constraints within the national distribution network and a glut of historical inventory at the retailer level. It is also possible that the increase in the payout ratio of HFG may have created a more directly substitutable product in the market. The paper scratch product, like Lotto, is arguably a relatively mature product in the China lottery market.

BUSINESS REVIEW

Gaming Technologies Business

Virtual Sports Betting

During the period under review, the group launched a new virtual sports lottery game "e-Ball Lottery" (「e球彩」) while 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 national rollout across the PRC.

The launch of e-Ball Lottery confirmed virtual sports as a fully accepted, high growth, multi-product game category in China. The game, which is a football themed virtual sports lottery game, joins the Group's Lucky Racing as only the second nationally-approved, rapid-draw, fixed-odds virtual sports lottery game in China. e-Ball Lottery was launched in China's largest sports lottery province, Jiangsu, in November 2013 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 highest payout category in China. The launch of the game went smoothly and, like Lucky Racing, we expect that e-Ball Lottery will roll-out nationally in due course.

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 betting 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 horse race or live football betting in other countries.

Having completed its second full calendar year of operation, Lucky Racing continues to be a very popular and successful game. Lucky Racing delivered approximately 26% of total sports lottery sales in Hunan province during 2013. During the year under review, our partners at the sports lottery made major strides in completing the "next generation" national high frequency game platform that will carry our Lucky Racing game beyond Hunan. The Group therefore expects the game to be launched in more provinces 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

With a domestic market share of approximately 50% in recent years, GOT is the leading manufacturer and supplier of lottery and sports betting terminals to China's sports lottery. GOT 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 2013 domestically, thanks partly to the initiation of the terminal replacement cycle in China's sports lottery market earlier in the year, following the conclusion of the terminal supplier selection and evaluation process undertaken by the sports lottery authorities. This encouraging performance is testament to GOT's unparalleled reputation in the sports lottery field, gained during more than ten years of successful operation. The Group is pleased to note that GOT's new range of terminals, the M6 Smart Terminal, the C8 Terminal and the A210 Portable Terminal, are already proving to be very popular and that GOT was chosen as a supplier by most of the provinces who concluded tenders during the year.

During 2013, we delivered our first international order of over 500 terminals to a client in South Africa. The Group is in active discussions with a number of other potential international customers and distributors.

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

In light of the very high levels of internet and smart phone penetration in China (>560m and >330m respectively according to recent publicly available estimates), the potential regulation of online and mobile distribution of approved lottery products in China 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/retailer. Sales of the Group's approved games, such as Lucky Racing and e-Ball Lottery, should also benefit from remote distribution channels (including internet and mobile) in China.

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.

Lottery Management Business

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 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.

The Group's lottery management business is performing in-line with expectations. The decline in sales in the Lottery Management Business during the period was due to the natural expiry of some of its provincial contracts. Going forward, as it increasingly focuses on the growth divisions of Gaming Technology and Internet & Mobile, the Group expects that the Lottery Management Business will remain a relatively modest contributor to Group sales.

BUSINESS OUTLOOK

In light of the continued strategic progress seen in 2013 as well as the further strengthening of our balance sheet through the May 2013 share placing, the Directors have confidence in the strong foundations of the business and are excited about the growth opportunities they see ahead in 2014 and beyond. The Board believes that 2014 will be a year of growth for the Group. Firstly, as expected, during the course of 2013 our partners at the sports lottery made major strides in completing the "next generation" national high frequency game platform that could carry our Lucky Racing game. Accordingly, the Group expects the game to be promoted to more provinces during the year. Secondly, the Group expects e-Ball Lottery to successfully roll-out in Jiangsu province during this year, paving the way for a national deployment in due course. 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 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 GOT division, the Group will continue to capitalise on the anticipated terminal replacement cycle in sports lottery, continue its overseas expansion and look to broaden its product range to VLTs. Finally, through its relationship with 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 the lottery 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 acquisition 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 business 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 maximizing returns for shareholders. 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.

REVIEW OF OPERATING RESULTS

Revenue and Profitability

Revenue of the Group for the year under review amounted to approximately HK$208.4 million (2012: approximately HK$229.3 million). Most of the revenue was derived from gaming technologies (game software, systems, hardware and terminals) services and from sports lottery management and marketing consultancy services in the PRC. During the year under review, the gross profit percentage stood at approximately 43.8% (2012: approximately 44.3%).

The Group strives to maintain its leading position in lottery technologies through continuous investment in research and development. For the year under review, the total research and development expenses amounted to approximately HK$9.6 million (2012: approximately HK$10.6 million).

Loss attributable to owners of the Company for the year under review amounted to approximately HK$82.9 million, primarily due to the share-based payments (totalling approximately HK$60.1 million) 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.

Capital Resources, Liquidity and Gearing Ratio

Net bank balances and cash (defined as total bank balances and cash and pledged bank deposits less total bank borrowings) as at 31 December 2013 were approximately HK$286.5 million (2012: approximately HK138.6 million). The total assets and net current assets of the Group as at 31 December 2013 were approximately HK$1,314.4 million and approximately HK$381.6 million respectively (2012: approximately HK$1,152.2 million and approximately HK$240.9 million respectively).

The Group financed its operations primarily with internally generated cashflows as well as the proceeds from previous fund raising exercises and from the exercising by grantees of the share options granted under the Share Option Scheme. The gearing ratio (determined as the proportion of bank borrowing to equity) of the Group as at 31 December 2013 was nil (2012: 0.02). The liquidity ratio (defined as current assets over current liabilities) of the Group as at 31 December 2013 was approximately 9.6 (2012: 5.1) which continuously reflected adequacy of financial resources.

Charges on Group's assets

At 31 December 2013, there was no charge on the assets of the Group.

Foreign Exchange Exposure

As at 31 December 2013, majority of the Group's bank deposits were denominated in HK$ and RMB. Since all of its revenue-generating operations, monetary assets and liabilities of the Group are conducted or transacted substantially in HK$ and RMB, which is not freely convertible into foreign currencies, the Group faced minimal exchange rate risk during the year under review.

Contingent Liabilities

As at 31 December 2013, the Group had no material contingent liabilities.

Employees' Information

As at 31 December 2013, the Group had 215 (2012: 198) employees in Hong Kong and the PRC. Total staff costs (excluding Directors' emoluments) for the year ended 31 December 2013 amounted to approximately HK$45.8 million.

The Group's remuneration policies are formulated on the basis of performance and experience of individual employees and are in line with local market practices. In addition to salary, the Group also offers to its employees other fringe benefits including year-end bonus, Share Option Scheme, contributory provident fund, social security fund, medical benefits and training.

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 audited consolidated results of the Group for the year ended 31 December 2013 have been reviewed and commented on by the audit committee.

CORPORATE GOVERNANCE PRACTICES

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.

The Company has adopted the applicable code provisions in the Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 15 of the GEM Listing Rules. The Company has applied the principles of the Code in different respects, including but not limited to:

- the frequency and proper conduct of Board meetings;
- the well-balanced composition of the Board, with independent non-executive Directors representing not less than one-third of the total number of Directors at all times;
- the proper procedures for appointment and re-election of Directors;

- the annual review of individual Directors' contributions to the Group, the status of each Director's work commitments outside of the Group, and the years of service of each independent non-executive Directors;

- the establishment of an audit committee to review the financial reporting and internal controls of the Group and the enhanced communications between the audit committee and the auditors of the Company through meetings held for the pre-audit planning and the annual results of the Group without the presence of other Directors;

- the establishment of a remuneration committee to review the remuneration policy and other remuneration-related matters for Directors and senior management of the Group;

- the establishment of a nomination committee to formulate a policy concerning diversity in the Board and a nomination policy, make recommendations to the Board on any proposed appointment of Directors and assess the independence of the independent non-executive Directors on a regular basis;

- the establishment of a corporate governance committee to assist the Board in performing the corporate governance duties as required under the Code;

- the provision of briefing or training (at the expense of the Company) on the relevant requirements of the GEM Listing Rules (including the Code) and the Securities and Futures Ordinance to all newly appointed Directors and to the entire Board as and when there are new changes to such rules and regulations;

- the provision of insurance coverage for Directors' liabilities;

- the timely supply of sufficient information to Directors for matters seeking their approval or opinions;

- the timely publications of announcements, circulars, annual, interim and quarterly results and reports (collectively referred to as "the Publications") to keep the Shareholders posted of the latest business developments and financial performance of the Group;

- the holding of an annual general meeting each year to meet with the Shareholders and answer their enquiries; and

- the timely updating of the Company's official website with the latest Publications of the Company and the provision of a platform for communications with the Shareholders and investors through such website.

During the year under review, the Company complied with the Code except for the following deviations:

- under the Code provision A.2.1, the roles of chairman and chief executive officer ("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 year under review. 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 the Shareholders were adequately and fairly represented. The Company considered that there was no imminent need to change the arrangement;

- under the Code provision A.4.2, every Director should be subject to retirement by rotation at least once every three years. However, pursuant to the bye-laws of the Company, the chairman of the Company shall not be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year. During the year under review, 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;

- under the Code provision A.2.7, the chairman of the Board should at least annually hold meetings with the non-executive Directors (including independent non-executive Directors) without the executive Directors' presence. During the year under review, the chairman of the Board did not hold such kind of private meetings with the non-executive Directors. The chairman of the Board considered that it was unnecessary as it would be more transparent to let the non-executive Directors speak out their views to all executive Directors in the full Board meetings which would be held at least four times a year. Besides, the chairman of the Board, being an executive Director himself, always welcomes all non-executive Directors to directly communicate with him via his email or phone to discuss any matters of the Company from time to time;

- under the code provision A.6.6, each Director should disclose to the Company, among other things, an indication of the time involved by him/her in his/her offices held in other public companies or organisations and other significant commitments. During the year under review, no such disclosure was made by the Directors to the Company. As the Board had adopted a new corporate governance practice that each Director's contributions to the Group were reviewed and discussed at the Board meeting annually (the "Annual Contributions Review"), the Board considered that assessing the time spent by each Director on his/her commitments outside the Group was not necessary for the purposes of the Annual Contributions Review and that the disclosure of the time spent by a Director in performing his/her duties did not necessarily indicate accurately the efficiency of such Director and the effectiveness of his/her work, and may therefore be misleading;

- under the code provision B.1.2, the remuneration committee should review and recommend to the Board for approval of the specific remuneration packages of senior management. The remuneration committee of the Company had reviewed its scope of duties and considered that the delegated responsibility to review and recommend to the Board to approve the specific remuneration packages of senior management should be vested in the executive Directors who have a better understanding of the level of expertise, experience and performance expected of the senior management in the daily business operations. Notwithstanding the foregoing, the remuneration committee would continue to be primarily responsible for the review and recommendation of the remuneration packages of the Directors; and

- under the code provision B.1.5, the Company should disclose details of any remuneration payable to members of senior management by band in its annual report. The Company did not make such disclosure in its annual report as the Board considered that (i) the remuneration of any newly appointed "chief executive" (as defined under the GEM Listing Rules) would have already been disclosed in the announcement previously issued by the Company in respect of such appointment in accordance with GEM Listing Rule 17.50(2)(g); (ii) the five highest paid employees within the Group had already been disclosed in the notes to the consolidated financial statements of the Group in the annual report; and (iii) giving further details of remuneration for each and every senior management staff would result in particulars of excessive length and no additional value to the Shareholders, whilst at the same time may impair the flexibility of the Group in its negotiations of remuneration packages for senior management staff (especially those who are not Directors or chief executives of the Group and hence are not supposed to be subject to the aforesaid disclosure requirement under GEM Listing Rule 17.50(2)(g)) should it need to find replacement staff or recruit additional senior personnel in the future.

(The above deviations were similarly disclosed on pages 29 and 30 of the Company's annual report for the year ended 31 December 2012, and on pages 30 to 32 of the Company's interim report for the six months ended 30 June 2013.)

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this announcement, based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float of the Shares, representing not less than 25% of the total issued Shares as required under the GEM Listing Rules.

DEFINITIONS

In this announcement, 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"	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
"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 announcement, excludes Hong Kong, Macau and Taiwan
"Share Option Scheme"	means the share option scheme of the Company adopted on 18 November 2004
"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)
"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
"%"	per cent

Note: In this announcement, the exchange rate of HK$1.268 to RMB1.00 has been used for reference only.

By order of the Board
AGTech Holdings Limited
Sun Ho
Chairman & Chief Executive Officer

Hong Kong, 24 March 2014

As at the date of this announcement, 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 and Mr. Ho King Fung, Eric as non-executive Directors; and (iii) Ms. Monica Maria Nunes, Mr. Wang Ronghua and Mr. Hua Fengmao as independent non-executive Directors.

This announcement will remain on the "Latest Company Announcement" 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.