



## AGTech Announces 2013 First Quarterly Results

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### National Roll-out of Lucky Racing and Launch of New Game in Second Province are Well on Track

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### Expects to Benefit from Significant Terminal Replacement Cycle in 2013

(10 May 2013, Hong Kong) – **AGTech Holdings Limited** (“AGTech,” together with its subsidiaries, the “Group”) (SEHK code: 8279), the leading integrated gaming company in China’s sports lottery market, today announced its unaudited first quarterly results for the three-month period ended 31 March 2013.

For the three-month period, the Group’s revenue reached approximately HK\$37.6 million, a decrease of approximately 11.1% against the corresponding period in 2012. Net loss attributable to owners of the company narrowed to HK\$3.9 million, a 66.5% improvement compared to the same period last year. The decline in revenue reflects the Group’s ongoing transition from its legacy, lower growth Lottery Management business to its high growth Gaming Technologies business.

**Mr. John Sun, Chairman & CEO of AGTech**, said, “It is encouraging to see that developments in our growth businesses are on track and that our profitability is continuing to improve. Within Gaming Technologies, our GOT business has performed well and is poised for strong performance in the coming quarters due to the terminal replacement cycle that is now starting. Our virtual fixed odds sports betting sales are also expected to increase meaningfully as we make progress on our planned second game and the national roll-out of our existing game, ‘Lucky Racing’.”

#### Gaming Technologies Business

##### *Virtual Fixed Odds Sports Betting*

During the period under review, sales and technical performance of the virtual sports betting game “Lucky Racing” (「幸運賽車」) has been highly satisfactory. The Group is actively working with the national authorities to integrate the game and system into the national sports lottery’s “Next Generation” system. With “Lucky Racing” already achieving national approval, the conclusion of the national sports lottery’s “Next Generation” IT project will remove the final technical hurdle for the game’s national roll-out. In addition, the Group is working with one of the country’s leading provinces to launch another new approved virtual fixed odds sports betting game in China. The new game will initially be launched in a trial province in anticipation of a potential national roll-out in due course. Building on the success of “Lucky Racing”, the introduction of this new game would represent a very significant development for the Group in terms of both geographical and game product development.

### *Gaming Hardware and Technology Development*

As the leading manufacturer and supplier of lottery and sports betting terminals to China's sports lottery, GOT is a critically important growth driver 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 domestic and international video lottery terminals ("VLT") manufacture and delivery. With the recent conclusion of the National Sports Lottery Administration Centre's terminal supplier selection and evaluation process, the keenly anticipated terminal replacement cycle is expected to commence in the second quarter of 2013. As an approved supplier to China's Sports Lottery, the Group is confident that GOT's new range of approved terminals will play leading roles in this replacement cycle.

### **Online and Mobile Lottery**

The provincial mobile systems trials that are underway or being prepared in the welfare and sports lotteries are expected to lead to the creation of a fully regulated mobile lottery distribution market in China. In Silvercreek, the Group's wholly-owned subsidiary, AGTech controls one of the most competitive mobile lottery service providers in China. Thanks to its valuable PRC internet content provider and PRC telecom service provider licenses, as well as its track-record and relationships in the lottery industry, the Group is fully qualified to apply for mobile and internet system and distribution licenses as and when they become available. Sales of the Group's approved games, such as "Lucky Racing", should also benefit from any introduction of a legitimate remote distribution channel in China.

### **Outlook**

The Group believes that, in the coming months, the business will continue to enjoy rapid growth and achieve further significant milestones. Firstly, the Group expects to launch a new virtual fixed odds sports betting game in one of China's leading provinces in the relatively near future. Secondly, as part of its ongoing co-operation with the national sports lottery with respect to "Lucky Racing", the Group expects the final technical hurdle to national rollout of this game to be removed this year. Thirdly, the Group continues to closely monitor the prospective online and mobile lottery distribution business and is well equipped to react quickly in response to any new development of government policies. Finally, in GOT business, the Group will capitalise on the terminal replacement cycle in the sports lottery, continue its overseas expansion and look to broaden its product range to VLTs.

**Mr. Sun** concluded, "Looking ahead, we will continue to explore new business opportunities and forge more strategic business alliances, with a view to increasing our sales and profitability and ultimately to enhancing growth prospects of the Group and maximising returns for shareholders. We strongly believe that the solid business foundations, strong customer and government relationships as well as the quality of international gaming partnerships enjoyed by the Group, ideally position it to reach new heights when market opportunities emerge in the rapidly growing regulated lottery industry in China."

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### **About AGTech**

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

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

For more information, please visit [www.agtech.com](http://www.agtech.com)

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