



## **AGTech Announces 2013 Third Quarterly Results**

### **Virtual Football Game has National Approval and is Planned to be Launched in Jiangsu, China's Largest Lottery Province**

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### **Significant Revenue Growth Potential with AGTech's Two Games in-line for National expansion**

(8 November 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, announced its unaudited results for the nine months ended 30 September 2013.

During the Nine-Month Period, revenue amounted to approximately HK\$119.6 million, a decrease of approximately HK\$44.0m or 26.9% from the corresponding period in 2012. The decline was expected and attributable to the expiry of certain contracts in Lottery Management and year-on-year delivery time variation in the hardware business. The Group’s strategy continues to be to transition the business from the legacy, lower-growth Lottery Management division to its high growth Gaming Technology business. Gross profit for the period decreased by 7.7% to approximately HK\$61.2 million, while gross profit margins in the period improved from 40.6% in 2012 to 51.2% in 2013.

**Mr John Sun, Chairman & CEO of AGTech**, said, “We are thrilled that our Gaming Technologies division has performed strongly with significant milestones achieved during the period. Not only has our GOT hardware business led the way in the domestic lottery terminal replacement cycle by winning all five announced provincial tenders, but the recent national approval of Virtual Football, with its planned initial launch in Jiangsu, demonstrates proof of concept for virtual fixed odds sports betting in China and positions AGTech to share in a period of potentially very significant revenue growth in our industry.”

#### ***Gaming Technologies Business***

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

Virtual Football has been classified by the National Sports Lottery Administration Centre (“NSLAC”) as a sports betting game and will accordingly operate with a 69% payout ratio, the highest payout category in China. AGTech’s subsidiary “AGT” has entered into a long-term agreement with Jiangsu Sports Lottery Administration Centre (“Jiangsu SLAC”) to provide Jiangsu SLAC with the Virtual Football game and its underlying system and services on a revenue-sharing basis. AGT is AGTech’s long-standing joint venture with the UK’s Ladbroke Group (a world leader in betting and gaming). Virtual Football joins the Group’s exceptionally popular and highly successful Lucky Racing game as one of only two nationally-approved, rapid-draw, fixed-odds virtual sports lottery games in China.

Jiangsu is the leading province in China's lottery market and China is the second largest lottery market in the world. In 2012, Jiangsu recorded sports lottery sales of over RMB16 billion, ranking as the number one province nationally with a 14.6% market share.

The Group's virtual motor racing game "Lucky Racing" (「幸運賽車」) has continued to perform strongly, delivering approximately 30% of total sports lottery sales in Hunan province in the third quarter. As well as working with NSLAC on the launch of Virtual Football in Jiangsu and the planned national roll-out of the game, the Group is also actively working with NSLAC to integrate the Lucky Racing system into the national sports lottery's "Next Generation" system. This project is now close to completion. With Lucky Racing already having achieved 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.

### **Gaming Hardware and Technology Development**

With a domestic market share of more than 50%, GOT remains the leading manufacturer and supplier of lottery and sports betting terminals to China's sports lottery market. GOT has won the first five supply tenders of the replacement cycle, securing supply contracts for the provinces of Anhui, Guizhou, Zhejiang, Shaanxi and Inner Mongolia, provinces collectively accounting for more than 10% of the sports lottery sales in China. The lottery terminal supply contract won in Inner Mongolia secured a new market for GOT, taking its geographic reach to 28 of the provinces and municipalities in China. By being selected as a supplier of Single Match Betting terminals in Guangdong, GOT's terminals are proven to be compatible with all computerised sports lottery products in China.

### **Online and Mobile Lottery Distribution Business**

The potential regulation of online and mobile distribution of approved lottery products in China promises to create enormous opportunities for the Group, and it intends to directly participate in this exciting development via the provision of mobile systems and as a distributor/retailer. Sales of the Group's approved games, such as Virtual Football and "Lucky Racing", should also benefit from any introduction of a legitimate remote distribution channel in China and the Group will directly participate in this via revenue sharing arrangements.

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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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