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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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.



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 30 JUNE 2009

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 FINANCIAL YEAR ENDED 30 JUNE 2009

- Total revenue of the Group for the year amounted to approximately HK\$61.6 million, representing an increase of approximately 37.0% over last year. Approximately 95.5% of such revenue was derived from provision of sports lottery management and marketing consultancy services and supply of sports lottery sales terminals (and accessories).
- The Group recorded a loss from business operations of approximately HK\$36.6 million (2008: loss from business operations amounted to approximately HK\$7.6 million) after excluding the effects of the share-based payments expense and amortisation of other intangible assets as stated below. The gross profit percentage stood at approximately 40.7%, a decrease from the gross profit percentage of approximately 63.9% of last year.
- Loss attributable to equity holders of the Company for the year amounted to approximately HK\$189.5 million, primarily due to (i) the share-based payments expense (totalling approximately HK\$123.1 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; and (ii) the amortisation of other intangible assets (totalling approximately HK\$39.3 million) and (iii) the increase in cost of sales and services as well as selling and administrative expenses as a result of the continuous expansion of the Group’s businesses.
- 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 30 June 2009, together with the comparative audited figures for the year ended 30 June 2008 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2009

	<i>Notes</i>	2009 HK\$	2008 <i>HK\$</i>
Revenue	4	61,621,978	44,970,170
Cost of sales and services		(36,513,728)	(16,251,973)
Gross profit		25,108,250	28,718,197
Bank interest income		2,639,979	6,841,715
Other income		1,497,737	3,972
Selling and administrative expenses		(65,830,698)	(43,142,044)
Loss from business operations		(36,584,732)	(7,578,160)
Share-based payments		(123,090,447)	(86,253,452)
Net foreign exchange loss		(58,440)	(4,542,351)
Amortisation of other intangible assets	10	(39,270,108)	(39,840,490)
Loss before taxation		(199,003,727)	(138,214,453)
Taxation	6	7,901,884	8,601,004
Loss for the year	7	(191,101,843)	(129,613,449)
Attributable to:			
Equity holders of the Company		(189,499,731)	(128,536,053)
Minority interests		(1,602,112)	(1,077,396)
		(191,101,843)	(129,613,449)
Loss per Share			
Basic and diluted	8	HK5.30 cents	HK3.59 cents

CONSOLIDATED BALANCE SHEET

At 30 June 2009

	Notes	2009 HK\$	2008 HK\$
Non-current assets			
Property, plant and equipment		25,112,795	17,544,830
Goodwill	9	662,199,119	664,123,438
Other intangible assets	10	119,638,728	158,859,834
Investment in an associate		–	–
Deposits and prepayments		46,175,666	54,738,384
Other assets		1,612,552	–
		<u>854,738,860</u>	<u>895,266,486</u>
Current assets			
Inventories		114,958	247,714
Trade receivables	11	9,592,417	11,423,291
Amounts due from customers for contract work		1,539,009	2,568,135
Other receivables, deposits and prepayments		35,701,425	29,196,116
Current tax recoverable		–	410,039
Pledged bank deposits	12	501,217	1,287,182
Bank balances and cash	12	171,706,715	211,656,479
		<u>219,155,741</u>	<u>256,788,956</u>
Current liabilities			
Trade payables	13	779,388	2,875,120
Other payables, accruals and deposits received		5,948,026	2,736,277
Current tax liabilities		1,201,501	–
		<u>7,928,915</u>	<u>5,611,397</u>
Net current assets		<u>211,226,826</u>	<u>251,177,559</u>
Total assets less current liabilities		<u>1,065,965,686</u>	<u>1,146,444,045</u>
Non-current liabilities			
Deferred tax liabilities	14	28,883,166	38,810,384
Net assets		<u>1,037,082,520</u>	<u>1,107,633,661</u>
Capital and reserves			
Share capital		7,162,670	7,160,170
Reserves		1,027,665,780	1,096,350,958
Equity attributable to equity holders of the Company		1,034,828,450	1,103,511,128
Minority interests		2,254,070	4,122,533
Total equity		<u>1,037,082,520</u>	<u>1,107,633,661</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2009

	Attributable to equity holders of the Company									Total equity HK\$
	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\$	Total HK\$	Minority interests HK\$	
At 1 July 2007	7,157,670	998,107,099	43,329,120	292,038	170,032	58,299,875	(52,161,692)	1,055,194,142	5,100,086	1,060,294,228
Exchange differences arising on translation of foreign operations recognised directly in equity	-	-	-	-	90,327,087	-	-	90,327,087	99,843	90,426,930
Loss for the year	-	-	-	-	-	-	(128,536,053)	(128,536,053)	(1,077,396)	(129,613,449)
Total recognised income and expense for the year	-	-	-	-	90,327,087	-	(128,536,053)	(38,208,966)	(977,553)	(39,186,519)
Recognitions of equity-settled share-based payments	-	-	86,253,452	-	-	-	-	86,253,452	-	86,253,452
Shares issued on exercise of part of a share option	2,500	411,500	(141,500)	-	-	-	-	272,500	-	272,500
Lapse of an option granted to minority shareholder of a subsidiary	-	-	(23,247,000)	-	-	-	23,247,000	-	-	-
Transfer from accumulated losses	-	-	-	18,719	-	-	(18,719)	-	-	-
At 30 June 2008	7,160,170	998,518,599	106,194,072	310,757	90,497,119	58,299,875	(157,469,464)	1,103,511,128	4,122,533	1,107,633,661
Exchange differences arising on translation of foreign operations recognised directly in equity	-	-	-	-	(2,599,447)	-	-	(2,599,447)	(10,816)	(2,610,263)
Loss for the year	-	-	-	-	-	-	(189,499,731)	(189,499,731)	(1,602,112)	(191,101,843)
Total recognised income and expense for the year	-	-	-	-	(2,599,447)	-	(189,499,731)	(192,099,178)	(1,612,928)	(193,712,106)
Recognitions of equity-settled share-based payments	-	-	123,090,447	-	-	-	-	123,090,447	-	123,090,447
Shares issued on exercise of part of a share option	2,500	325,000	(55,000)	-	-	-	-	272,500	-	272,500
Lapse of share options	-	-	(3,830,170)	-	-	-	3,830,170	-	-	-
Transfer to profit or loss on disposal of a subsidiary	-	-	-	-	53,553	-	-	53,553	(255,535)	(201,982)
At 30 June 2009	7,162,670	998,843,599	225,399,349	310,757	87,951,225	58,299,875	(343,139,025)	1,034,828,450	2,254,070	1,037,082,520

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 (1) the difference between (a) the nominal value of the share capital and the existing balances on the share premium account of a subsidiary acquired pursuant to the Group reorganisation prior to the listing of the Company's Shares; and (b) the nominal value of the Shares issued by the Company and the release and waiver of the amount owed by the then holding company of the subsidiary to the Company in exchange thereof; (2) the release and waiver of the amount owed by the Company to its former immediate holding company; and (3) transfer from share premium account.

Notes:

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 30 June 2009, the Directors regard MAXPROFIT GLOBAL INC, a private limited company incorporated in the British Virgin Islands, 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 sports lottery management and marketing consultancy services, supply of sports lottery sales terminals (and accessories), provision of lottery advisory service, provision of enterprise solutions of digital image processing system, sales of computer software products and related maintenance services to outside customers in the PRC and Macao.

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

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

In the current year, the Group has applied the following amendments and interpretations ("new HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC)-Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 14	HKAS 19-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The application of the new HKFRS had no material effect on how the results and financial position for the current or prior financial year have been prepared and presented. Accordingly, no prior year adjustment has been required.

The Group has not early applied the following new and revised standards, amendments and interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs ¹
HKFRSs (Amendments)	Improvements to HKFRSs 2009 ²
HKAS 1 (Revised)	Presentation of Financial Statements ³
HKAS 23 (Revised)	Borrowing Costs ³
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ⁴
HKAS 32 & HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ³
HKAS 39 (Amendment)	Eligible Hedged Items ⁴
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters ⁵
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards ⁴
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate ³
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ³
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transaction ⁵
HKFRS 3 (Revised)	Business Combinations ⁴
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments ³
HKFRS 8	Operating Segments ³
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate ³
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation ⁶
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners ⁴
HK(IFRIC)-Int 18	Transfers of Assets from Customers ⁷

Notes:

¹ Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009

² Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate

³ Effective for annual periods beginning on or after 1 January 2009

⁴ Effective for annual periods beginning on or after 1 July 2009

⁵ Effective for annual periods beginning on or after 1 January 2010

⁶ Effective for annual periods beginning on or after 1 October 2008

⁷ Effective for transfers of assets from customers received on or after 1 July 2009

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary. The Group is in the process of assessing the impact of these new and revised standards, amendments and interpretations on its results of operations and financial position.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values.

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.

4. REVENUE

Revenue represents the amounts received and receivable from provision of sports lottery management and marketing consultancy services, supply of sports lottery sales terminals (and accessories), provision of lottery advisory service, provision of enterprise solutions of digital image processing system, sales of computer software products and related maintenance services to outside customers in the PRC and Macao for the year, and is analysed as follows:

	2009 HK\$	2008 <i>HK\$</i>
Revenue in respect of provision of management and marketing consultancy services to SLACs and authorised operators of the sports lottery, as well as supply of sports lottery sales terminals (and accessories) to the SLACs for certain municipality and provinces in the PRC	58,876,266	43,163,581
Revenue in respect of provision of lottery advisory service	112,229	–
Revenue in respect of provision of enterprise solutions of digital image processing system, sales of computer software products and related maintenance services	<u>2,633,483</u>	<u>1,806,589</u>
	<u>61,621,978</u>	<u>44,970,170</u>

5. BUSINESS AND GEOGRAPHICAL SEGMENTS

The Group is principally engaged in the following businesses. These businesses are the basis on which the Group reports its primary segment information. Principal activities are as follows:

- Sports lottery management and marketing consultancy services and supply of sports lottery sales terminals – provision of management and marketing consultancy services to SLACs and authorised operators of sports lottery, as well as supply of sports lottery sales terminals (and accessories) to the SLACs for certain municipality and provinces in the PRC (“Consultancy services”).
- Lottery information technology solutions – provision of lottery advisory service to authorised operator of lottery in the PRC (“Information technology solutions”).
- Enterprise solutions – provision of information technology management solutions which include design and installation of digital image processing system, sales of computer software products and related maintenance services (“Enterprise solutions”).

Segment information about these businesses is presented below.

For the year ended 30 June 2009

Business segments

	Information technology solutions HK\$	Consultancy services HK\$	Enterprise solutions HK\$	Consolidated HK\$
Income statement				
REVENUE	<u>112,229</u>	<u>58,876,266</u>	<u>2,633,483</u>	<u>61,621,978</u>
SEGMENT RESULT	(2,715,759)	(49,201,564)	(260,864)	(52,178,187)
Unallocated corporate income				2,639,979
Unallocated corporate expenses				<u>(149,465,519)</u>
Loss before taxation				(199,003,727)
Taxation				<u>7,901,884</u>
Loss for the year				<u><u>(191,101,843)</u></u>
Balance sheet				
ASSETS				
Segment assets	14,529,688	289,373,737	4,243,127	308,146,552
Goodwill	2,907,059	659,292,060	–	662,199,119
Unallocated corporate assets				<u>103,548,930</u>
Consolidated total assets				<u><u>1,073,894,601</u></u>
LIABILITIES				
Segment liabilities	160,856	4,605,044	1,797,565	6,563,465
Unallocated corporate liabilities				<u>30,248,616</u>
Consolidated total liabilities				<u><u>36,812,081</u></u>
Other information				
Additions to other intangible assets	493,333	–	–	493,333
Additions to property, plant and equipment	–	16,443,917	13,173	16,457,090
Additions to property, plant and equipment (unallocated)				86,668
Additions to other assets	–	1,613,006	–	1,613,006
Amortisation of other intangible assets	1,124,106	38,146,002	–	39,270,108
Depreciation of property, plant and equipment	951,698	5,458,973	66,613	6,477,284
Depreciation of property, plant and equipment (unallocated)				<u>563,096</u>

For the year ended 30 June 2008

Business segments

	Information technology solutions HK\$	Consultancy services HK\$	Enterprise solutions HK\$	Consolidated HK\$
Income statement				
REVENUE	–	43,163,581	1,806,589	44,970,170
SEGMENT RESULT	(5,212,755)	(28,926,511)	(1,768,470)	(35,907,736)
Unallocated corporate income				6,841,715
Unallocated corporate expenses				(109,148,432)
Loss before taxation				(138,214,453)
Taxation				8,601,004
Loss for the year				(129,613,449)
Balance sheet				
ASSETS				
Segment assets	13,579,558	290,631,393	5,630,492	309,841,443
Goodwill	2,915,507	661,207,931	–	664,123,438
Unallocated corporate assets				178,090,561
Consolidated total assets				1,152,055,442
LIABILITIES				
Segment liabilities	115,492	1,531,328	2,946,396	4,593,216
Unallocated corporate liabilities				39,828,565
Consolidated total liabilities				44,421,781
Other information				
Additions to other intangible assets	1,876,366	1,741,936	–	3,618,302
Additions to property, plant and equipment	90,246	12,391,017	–	12,481,263
Additions to property, plant and equipment (unallocated)				269,154
Amortisation of other intangible assets	1,284,762	38,555,728	–	39,840,490
Depreciation of property, plant and equipment	603,612	1,251,718	376,787	2,232,117
Depreciation of property, plant and equipment (unallocated)				851,149

Geographical segments

The Group's operations, by the geographical location of its customers, are located primarily in the PRC and, to a much lesser extent, Macao. During the year ended 30 June 2009, the Group's Consultancy services and Information technology solutions operations were carried out in the PRC. The Group's Enterprise solutions operations were carried out in Macao and the PRC.

The following table provides an analysis of the Group's revenue by its geographical markets, irrespective of the origins of the goods and services:

	2009 HK\$	2008 HK\$
The PRC	61,603,381	44,598,528
Macao	18,597	371,642
	<u>61,621,978</u>	<u>44,970,170</u>

The following tables provide analyses of the additions to property, plant and equipment, other assets and other intangible assets, and the carrying amounts of segment assets, analysed by the geographical areas in which the assets are located:

Additions to property, plant and equipment, other assets and other intangible assets

	2009 HK\$	2008 HK\$
The PRC	18,563,429	16,099,565
Hong Kong	86,668	269,154
	<u>18,650,097</u>	<u>16,368,719</u>

Carrying amounts of segment assets

	2009 HK\$	2008 HK\$
The PRC	966,583,402	966,225,773
Macao	2,672,652	4,797,977
Hong Kong	1,089,617	2,941,131
	<u>970,345,671</u>	<u>973,964,881</u>

6. TAXATION

	2009 HK\$	2008 HK\$
Current tax		
– PRC Enterprise Income Tax	2,254,402	1,299,052
Over provision of current tax in previous year	(338,759)	(65,464)
Deferred tax	(9,817,527)	(9,834,592)
	<u>(7,901,884)</u>	<u>(8,601,004)</u>

No provision for Hong Kong profits tax has been made as there were no assessable profits for the years ended 30 June 2008 and 2009.

Pursuant to the relevant laws and regulations in the PRC, one of the Group's PRC subsidiaries is exempted from PRC Enterprise Income Tax either for two years or two years starting from its first profit-making year, followed by a 50% reduction for the next three years. For years ended 30 June 2008 and 2009, the other PRC subsidiaries are subject to PRC Enterprise Income Tax.

Taxation for the year can be reconciled to the loss before taxation per the consolidated income statement as follows:

	2009 HK\$	2008 HK\$
Loss before taxation	(199,003,727)	(138,214,453)
Tax at domestic income tax rate (<i>Note</i>)	(36,919,665)	(25,161,113)
Tax effect of expenses not deductible for tax purpose	32,305,787	23,936,460
Tax effect of income not taxable for tax purpose	(1,770,113)	(1,047,492)
Utilisation of previously unrecognised tax losses	(176,278)	(1,224,416)
Tax effect of unrecognised estimated tax losses	8,814,671	4,795,613
Over provision in previous year	(338,759)	(65,464)
Reversal of temporary differences	(9,817,527)	(9,834,592)
	(7,901,884)	(8,601,004)

Note: The applicable tax rates for Macao, the PRC and Hong Kong are 12%, 25% and 16.5% (2008: 12%, 25%-33% and 16.5%) respectively.

7. LOSS FOR THE YEAR

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

	2009 HK\$	2008 HK\$
Auditors' remuneration	750,000	650,000
Cost of inventories recognised as an expense	8,236	973,493
Impairment losses recognised on trade receivables (included in selling and administrative expenses)	–	532,290
Write down of inventories (included in cost of sales and services)	–	490,432
Depreciation of property, plant and equipment	7,040,380	3,083,266
Loss on disposal of property, plant and equipment	118,731	8,276
Net gain on disposal of a subsidiary	(201,982)	–
Operating lease rentals in respect of rented premises	4,650,351	2,783,955

Employee benefit expense, including Directors' remunerations:

Fees, salaries, discretionary bonuses and other benefits	30,681,156	20,194,789
Share-based payments	58,376,552	56,748,202
Social security costs	1,571,276	899,877
Retirement benefit schemes contributions	122,569	97,616
	90,751,553	77,940,484

8. LOSS PER SHARE

The calculation of basic and diluted loss per Share is based on the loss attributable to equity holders of the Company for the year of HK\$189,499,731 (2008: HK\$128,536,053) and the weighted average number of 3,580,211,712 Shares (2008: 3,579,118,470 Shares) in issue during the year.

The computation of the diluted loss per Share does not assume the exercises of the Company's share options as their exercises would decrease the losses per Share of both years.

9. GOODWILL

	<i>HK\$</i>
COST	
At 1 July 2007	600,504,274
Exchange adjustments	<u>63,619,164</u>
At 30 June 2008	664,123,438
Exchange adjustments	<u>(1,924,319)</u>
At 30 June 2009	<u><u>662,199,119</u></u>
CARRYING AMOUNTS	
At 30 June 2009	<u><u>662,199,119</u></u>
At 30 June 2008	<u><u>664,123,438</u></u>

10. OTHER INTANGIBLE ASSETS

	Club membership <i>HK\$</i>	Capitalised development costs <i>HK\$</i>	Software licences <i>HK\$</i>	Non- competition agreements <i>HK\$</i>	Contracted Customer <i>HK\$</i>	Total <i>HK\$</i>
COST						
At 1 July 2007	–	–	11,467,290	5,091,331	172,911,658	189,470,279
Exchange adjustments	–	–	–	543,946	18,318,763	18,862,709
Additions	<u>1,741,936</u>	<u>1,876,366</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>3,618,302</u>
At 30 June 2008	1,741,936	1,876,366	11,467,290	5,635,277	191,230,421	211,951,290
Exchange adjustments	–	(5,576)	–	(16,328)	(554,096)	(576,000)
Additions	<u>–</u>	<u>493,333</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>493,333</u>
At 30 June 2009	<u><u>1,741,936</u></u>	<u><u>2,364,123</u></u>	<u><u>11,467,290</u></u>	<u><u>5,618,949</u></u>	<u><u>190,676,325</u></u>	<u><u>211,868,623</u></u>
AMORTISATION AND IMPAIRMENT						
At 1 July 2007	–	–	11,467,290	445,852	980,326	12,893,468
Exchange adjustments	–	–	–	53,891	303,607	357,498
Charge for the year	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,284,762</u>	<u>38,555,728</u>	<u>39,840,490</u>
At 30 June 2008	–	–	11,467,290	1,784,505	39,839,661	53,091,456
Exchange adjustments	–	–	–	(5,487)	(126,182)	(131,669)
Charge for the year	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,124,106</u>	<u>38,146,002</u>	<u>39,270,108</u>
At 30 June 2009	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>11,467,290</u></u>	<u><u>2,903,124</u></u>	<u><u>77,859,481</u></u>	<u><u>92,229,895</u></u>
CARRYING AMOUNTS						
At 30 June 2009	<u><u>1,741,936</u></u>	<u><u>2,364,123</u></u>	<u><u>–</u></u>	<u><u>2,715,825</u></u>	<u><u>112,816,844</u></u>	<u><u>119,638,728</u></u>
At 30 June 2008	<u><u>1,741,936</u></u>	<u><u>1,876,366</u></u>	<u><u>–</u></u>	<u><u>3,850,772</u></u>	<u><u>151,390,760</u></u>	<u><u>158,859,834</u></u>

The Directors consider that the club membership has indefinite useful life and is worth at least at its carrying amount by reference to the latest market prices.

The amount of the capitalised development costs represents the expenditure capitalised for development of certain sports lottery products, which have not yet been put to use.

The amount of the software licences represents the expenditure on acquisition which is amortised on a straight-line method over the estimated useful life of 10 years, or the licensing period of 1 year, whichever is shorter.

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

	2009 HK\$	2008 HK\$
Trade receivables	10,124,707	11,955,581
Less: Allowance for doubtful debts	(532,290)	(532,290)
	<u>9,592,417</u>	<u>11,423,291</u>

The following is an aged analysis of trade receivables net of allowance for doubtful debts at the balance sheet date:

	2009 HK\$	2008 HK\$
0 to 30 days	6,275,630	10,899,713
31 to 60 days	908,064	495,755
61 to 90 days	786,989	27,823
91 to 120 days	901,859	–
121 to 365 days	665,924	–
Over 365 days	53,951	–
	<u>9,592,417</u>	<u>11,423,291</u>

The credit terms granted to customers are varied and are generally the result of negotiations between individual customers and the Group.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

The aged analysis of trade receivables which are past due but not impaired is as follows:

	2009 <i>HK\$</i>	2008 <i>HK\$</i>
0 to 30 days	908,064	523,694
31 to 60 days	786,989	27,822
61 to 90 days	901,859	–
91 to 120 days	379,781	–
121 to 365 days	307,787	–
Over 365 days	32,307	–
	<u>3,316,787</u>	<u>551,516</u>

Movement in the allowance for doubtful debts

	2009 <i>HK\$</i>	2008 <i>HK\$</i>
Balance at beginning of the year	532,290	–
Impairment losses recognised on receivables	<u>–</u>	<u>532,290</u>
Balance at end of the year	<u>532,290</u>	<u>532,290</u>

There was no provision for impairment losses in respect of trade receivables from third party customers for the year ended 30 June 2009 (2008: HK\$532,290).

The aged analysis of impaired trade receivables is as follows:

	2009 <i>HK\$</i>	2008 <i>HK\$</i>
0 to 30 days	–	17,100
61 to 90 days	–	4,683
91 to 120 days	–	2,255
121 to 365 days	–	49,167
Over 365 days	532,290	459,085
	<u>532,290</u>	<u>532,290</u>

12. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group and short-term bank deposits carrying effective interest at 0.1%-9.3% per annum (2008: 1.1%-6% per annum) with an original maturity of three months or less.

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to HK\$501,217 (2008: HK\$1,287,182) were pledged during the year ended 30 June 2009 to secure undrawn facilities and are therefore classified as current assets.

At balance sheet date, the bank balances and cash of approximately HK\$81,636,000 (2008: HK\$50,583,000) were denominated in RMB which is not freely convertible into other currencies.

13. TRADE PAYABLES

The aged analysis of the Group's trade payables is as follows:

	2009 HK\$	2008 HK\$
0 to 30 days	260,421	539,839
31 to 60 days	97,087	—
61 to 90 days	105,084	—
121 to 365 days	287	291
Over 365 days	316,509	2,334,990
	<u>779,388</u>	<u>2,875,120</u>

The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

14. DEFERRED TAXATION

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

	Intangible assets HK\$
At 1 July 2007	44,030,109
Exchange adjustments	4,614,867
Credit to income statement (<i>Note 6</i>)	<u>(9,834,592)</u>
At 30 June 2008	38,810,384
Exchange adjustments	(109,691)
Credit to income statement (<i>Note 6</i>)	<u>(9,817,527)</u>
At 30 June 2009	<u>28,883,166</u>

At balance sheet date, the Group has estimated unused tax losses of approximately HK\$66,212,000 (2008: HK\$49,029,000) that are available for offsetting against the future taxable profits of the companies in which the losses arose. No deferred tax asset has been recognised in respect of such estimated tax losses due to unpredictability of future profit streams. Included in unrecognised estimated unused tax losses are losses of approximately HK\$11,898,000 (2008: HK\$7,964,000) that will expire within 5 years. Other estimated unused tax losses of approximately HK\$54,314,000 (2008: HK\$41,065,000) may be carried forward indefinitely.

15. DIVIDEND

The Board does not recommend the payment of a final dividend for the year (2008: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

During the first half of 2009, despite the economic downturn brought by the international financial crisis, China's lottery industry continued its established trend of stellar growth, thanks in part to a range of positive initiatives taken by the Chinese government, which resulted in growing public interest in lotteries and a wider presence of lotteries across the country.

From January to June 2009, total lottery sales reached approximately RMB62.77 billion, up by approximately 21.8% from approximately RMB51.53 billion recorded for the same period last year. Sales of sports lottery amounted to RMB27.08 billion, up by approximately 31.1% and accounted for 43.1% of the total.

The lottery industry in China is solely operated by the China Welfare Lottery Issuance Centre and SLAC, both of which operate under regulatory administration managed by the Ministry of Finance. Funds raised from lottery sales are primarily allocated to sports development, social development, the education sector and the health sector.

The rapid growth and increasing diversification of the PRC lottery sector has given rise to an increasing need for lottery operators to outsource certain day-to-day operational and system supply-related tasks to qualified private enterprises. At present, private enterprises' involvement in the industry takes the forms of territorial marketing consultancy services, retail management consultancy services, software game and system development, as well as supply of hardware and related accessories.

In recent months, the Chinese government has taken a number of initiatives favourable to the lottery industry. They include a new single match sports lottery game launched in May 2009. Recently, this game has been trial launched in 7 provinces and our Group has also been involved in the provision of retail management consultancy services for promoting the game. Since this exciting new sports lottery game covers the very popular European Football League, English Premier League and National Basketball Association ("NBA") games, coupled with next year's World Cup, it is expected that such game will become one of the largest lottery game categories in China.

On the other hand, following the re-launch of sports lottery instant scratch tickets in the second quarter of 2008, the sales of instant tickets continued to show very strong growth. From January to June 2009, sales of scratch lotteries accounted for 19.6% of the total sales of sports lottery.

Furthermore, for the financial year under review, sports lottery high frequency games have been rolling out gradually into 21 provinces in China. The initiative is widely seen as an ingenious move to capitalise on the rising spending power of the Chinese consumers and the growing middle class. It is anticipated that this form of game will take a significant market position in terms of sales once it is fully rolled out.

Another new government measure was the introduction of Lottery Regulations, which took effect on 1 July 2009. The regulations, which amount to the first authoritative regulations designed to supervise the lottery industry and prevent fraud, cover areas including lottery fund management and penalties on the breach of regulations. The promulgation of these regulations lays the foundation stone for future sound development of the lottery industry in China. This timely move provides regulatory clarity and offers legal protection to legitimate industry players, like the Company, suppliers and retailers in a burgeoning industry. It also helps to support further growth of China's lottery industry and bring it in line with international standards. As a legitimate service provider and product supplier in the industry, the Group also stands to benefit from the new regulations.

BUSINESS REVIEW

As a fully integrated lottery solutions provider in China, the Group continued to consolidate its business foundation and widen its market presence in a market that is experiencing robust growth.

In the financial year under review, the Group continued its focus on sports lottery business in mainland China. Revenue came mainly from the provision of territorial sports lottery marketing consultancy services and retail management consultancy services, as well as supply of sports lottery sales terminals and accessories. The Group adopted different strategies to drive growth and strengthen its market share in its various sports lottery businesses.

On the retail front, the Group continued to maintain its solid position in the market. As at 30 June 2009, retail shops of the Group's customers spanned 7 provinces and accounted for approximately 30.8% of the total population in China for 2007*. As the exclusive management consultant of China Coop, the Group continued to advise China Coop in regard to the sale of lotteries through its approximately 400,000 sales outlets as well as providing consultancy services to New Cooperation Joint-Stock Trade China Co., Ltd., a subordinate cooperative enterprise of China Coop. Following the national re-launch of sports lottery instant tickets, these tickets began to be sold through the sales outlets of China Coop and Suguo Supermarket Co., Ltd., the largest supermarket chain in Jiangsu Province. All these have effectively strengthened the Group's presence in the fields of retail chain management and marketing consultancy.

On the marketing and promotion front, the Group assisted its customers to launch different lottery promotion campaigns such as lottery sales booths and promotional trucks that run through rural towns in China. The trucks can be transformed into stages where performers put on variety shows, which in effect help to promote the social and entertainment values of lotteries and boost lottery sales.

For the hardware business, the Group is developing new sports lottery technology such as handheld mobile lottery sales terminals, portable lottery sales terminals and self-service terminals. For instance, handheld lottery terminals run on widely used communication platforms such as General Packet Radio Service ("GPRS"), therefore a retail salesperson can take it to places where potential players congregate, such as sports venues and train stations.

For the software business, the AGTech-Ladbroke joint venture is now undergoing the final testing on its new high frequency car racing game. This is a monitor game played every 10 minutes or so and is visually displayed upon in-store monitors so that players can watch the game and results. In July 2009, the Group took part in China Joy, China's biggest digital entertainment expo held in Shanghai. During the four-day event, the Group put on show its entertainment features and information on its unique operation model in a bid to enhance its brand equity and strengthen the Group's market presence.

* *source: website of CHINA POPIN (中國人口信息網)*

OUTLOOK

China's lottery industry is booming and the trend is set to continue. Following months of economic downturn, China's economy has passed its trough and is gradually recovering. Meanwhile, the Chinese government is making well-meaning efforts to nurture an operational environment conducive to healthy growth of the lottery industry. The burgeoning middle class and the growth in disposable income of the urban and rural population also help to fuel the growth momentum of the lottery industry. All these set the stage for the Group to seek business expansion, stretch its tentacles and boost its earnings base.

With sports lottery sales from January to June 2009 already reaching RMB27.08 billion, the Group considers that the growth momentum will be sustained for the second half of the year, and it will step up efforts on all fronts to capitalise on the trend. In the latter half of the year, the Group will continue to serve as a reliable supplier of quality lottery products as well as a professional management and marketing consultant in the sports lottery market of China. The Group will liaise closely with the authorities so that it can keep itself abreast of industry development and implement effective strategies to achieve its business objectives. Meanwhile, it will continue to draw up specific marketing and promotion strategies targeting different localities with a view to boosting lottery sales and broaden the Group's market presence across China. The Group will also be on the lookout for more potential business partners and new market opportunities with a view to seeking further expansion and ultimately generating higher returns for the Shareholders.

REVIEW OF OPERATING RESULTS

Revenue and profitability

Revenue of the Group for the financial year under review amounted to approximately HK\$61.6 million, representing a surge of approximately 37.0% over last year. The increase in revenue of the Group during the financial year under review was mainly attributable to the contributions of its Consultancy services in the PRC, which were boosted as the Group expanded into more provinces of the PRC and penetrated into the lucrative sports lottery scratch tickets market during the financial year under review. Indeed, approximately 95.5% of the Group's revenue for the financial year under review was derived from the provision of its Consultancy services in the PRC. During the financial year under review, the gross profit percentage stood at approximately 40.7% whereas the gross profit percentage of the corresponding year in 2008 was approximately 63.9%. The decrease in gross profit percentage was due to the fact that higher cost of sales and services was incurred by the Group for the year since there were more start-up costs as the Group expanded its retail management consultancy business into more provinces in the PRC, supplied more sports lottery sales terminals and accelerated its penetration into the sports lottery scratch tickets market.

The net loss of the Group attributable to equity holders of the Company for the financial year under review amounted to approximately HK\$189.5 million (2008: HK\$128.5 million). The increase in net loss of the Group was primarily attributable to (i) the share-based payments expense (totalling approximately HK\$123.1 million for the financial year under review) resulting from the adoption of HKFRS 2 “Share-based Payment” for share options of the Company granted to Directors, eligible employees and other eligible participants under the Share Option Scheme. Higher share-based payments expense was charged during the financial year under review as the Company reduced and cancelled the number of Shares of the Company entitled under share options previously granted to Directors, eligible employees and other eligible participants under the Share Option Scheme; (ii) the amortisation of other intangible assets (amounting to approximately HK\$39.3 million for the financial year under review); and (iii) the increase in cost of sales and services as well as selling and administrative expenses as a result of the continuous expansion of the Group’s businesses.

Capital resources and liquidity

Net bank balances and cash as at 30 June 2009 were approximately HK\$172.2 million (2008: HK\$212.9 million). The total assets and net current assets of the Group as at 30 June 2009 were approximately HK\$1,073.9 million and approximately HK\$211.2 million respectively.

During the year, the Group maintained a debt-free capital structure. The Group financed its operations primarily with internally generated cashflows as well as the proceeds from previous fund raising exercises and from exercising by grantees of share options granted under the Share Option Scheme.

Capital commitments

	2009 HK\$	2008 <i>HK\$</i>
Contracted but not provided for:		
Acquisition of equipment	—	6,578,514
	<u> </u>	<u> </u>

Charges on Group’s assets

As at 30 June 2009, there was no charge on the assets of the Group.

Foreign exchange exposure

As at 30 June 2009, the Group’s bank deposits denominated in Hong Kong Dollars, Renminbi and Macao Patacas. Since all of its revenue-generating operations, monetary assets and liabilities of the Group are conducted or transacted substantially in Hong Kong Dollars and Renminbi, which is not freely convertible into foreign currencies, and Macao Patacas, which is considered as a stable currency under the control of the Government of Macao, the Group faced minimal exchange rate risk during the year.

Contingent liabilities

As at 30 June 2009, the Group had no material contingent liabilities.

Employees' information

As at 30 June 2009, the Group had 214 (2008: 209) employees in Hong Kong, Macao and the PRC. Total staff costs (excluding Directors' emoluments) for the year ended 30 June 2009 amounted to approximately HK\$23.0 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, Mr. Kwok Wing Leung Andy, Mr. Wang Ronghua and Mr. Hua Fengmao. The audited consolidated results of the Group for the year ended 30 June 2009 have been reviewed and commented on by the audit committee.

CODE ON 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.

During the year, the Company has adopted the code provisions and certain recommended best practices in the Code on Corporate Governance Practices, as set out in Appendix 15 of the GEM Listing Rules, except that:

- under the code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The roles of chairman and chief executive officer of the Company were performed by the same individual: namely, Mr. Sun Ho, during the year. The Company considered that the combination of the roles of chairman and chief executive officer could effectively formulate and implement the strategies of the Company. The Company considered that under the supervision of its Board and its independent non-executive Directors, a balancing mechanism existed so that the interests of Shareholders were adequately and fairly represented. The Company considered that there was no imminent need to change the arrangement; and
- under the code provision A.4.2, every Director should be subject to retirement by rotation at least once every three years. During the 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.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year, 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
“China Coop”	means All-China Federation of Supply and Marketing Cooperatives
“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
“Macao”	means the Macao 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, Macao 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)
“SLAC(s)”	means China Sports Lottery Administration Centre(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\$1.136 to RMB1.00 has been used for reference only.

By order of the Board
AGTech Holdings Limited
Sun Ho
Chairman

Hong Kong, 21 September 2009

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 as non-executive Director; and (iii) Mr. Wang Ronghua, Mr. Hua Fengmao and Mr. Kwok Wing Leung Andy 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 <http://www.agtech.com>.