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This announcement, for which the directors (the “Directors”) of AGTech Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market (“GEM”) of the Stock Exchange 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 2007

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast further profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. 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.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

FINANCIAL HIGHLIGHTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

- Total revenue of the Group for the year amounted to approximately HK\$22.1 million, representing a decrease of approximately 68.2% over last year.
- Loss attributable to equity holders of the parent for the year amounted to approximately HK\$60.5 million, out of which approximately HK\$46.2 million was attributable to total share-based payments (included as “Other expenses” in the consolidated income statement of the Group) due to granting of share options by the Company during the year.
- The Board does not recommend the payment of a final dividend for the year.

RESULTS

The board of directors (the “Board”) of AGTech Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 30 June 2007, together with the comparative audited figures for the year ended 30 June 2006 as follows:

Consolidated income statement

	<i>Notes</i>	2007 HK\$	2006 HK\$
Revenue	5	22,064,522	69,404,045
Cost of sales		(16,062,127)	(56,407,186)
Gross profit		6,002,395	12,996,859
Other income		1,818,420	120,816
Selling expenses		(84,272)	(148,153)
Administrative expenses		(22,782,934)	(15,619,685)
Other expenses		(46,218,764)	—
Loss before taxation		(61,265,155)	(2,650,163)
Taxation	7	470,639	(152,000)
Loss for the year	8	(60,794,516)	(2,802,163)
Attributable to:			
Equity holders of the parent		(60,451,402)	(2,802,163)
Minority interests		(343,114)	—
		(60,794,516)	(2,802,163)
Loss per share			
Basic and diluted	9	HK2.06 cents	HK0.105 cent

Consolidated balance sheet

	<i>Notes</i>	2007 HK\$	2006 HK\$
Non-current assets			
Property, plant and equipment		7,580,157	1,040,534
Goodwill	<i>10</i>	600,504,274	—
Other intangible assets	<i>11</i>	176,576,811	—
Deposit paid for investment in an associate		3,089,400	—
		787,750,642	1,040,534
Current assets			
Inventories		726,115	1,466,967
Trade receivables	<i>12</i>	1,121,228	1,709,969
Amounts due from customers for contract work		3,136,883	5,513,552
Other receivables, deposits and prepayments		3,654,246	1,940,370
Pledged bank deposits	<i>13</i>	2,419,782	—
Bank balances and cash	<i>13</i>	313,217,110	7,037,538
		324,275,364	17,668,396
Current liabilities			
Trade payables	<i>14</i>	4,043,388	8,176,498
Other payables, accruals and deposits received		3,434,098	4,703,008
Amount due to a customer for contract work		—	659,373
Deferred revenue		—	18,675
Tax payable		152,000	152,000
Bank overdraft		72,183	—
		7,701,669	13,709,554
Net current assets		316,573,695	3,958,842
		1,104,324,337	4,999,376
Capital and reserves			
Share capital		7,157,670	5,350,000
Reserves		1,048,036,472	(350,624)
Equity attributable to equity holders of the parent		1,055,194,142	4,999,376
Minority interests		5,100,086	—
Total equity		1,060,294,228	4,999,376
Non-current liabilities			
Deferred tax liabilities	<i>15</i>	44,030,109	—
		1,104,324,337	4,999,376

Consolidated statement of changes in equity

	Attributable to equity holders of the parent							Total HK\$	Minority interests HK\$	Total 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\$			
At 1 July 2005	5,350,000	20,576,560	-	-	(73,454)	11,108,399	(29,210,533)	7,750,972	-	7,750,972
Exchange differences arising on translation of foreign operations recognised directly in equity	-	-	-	-	50,567	-	-	50,567	-	50,567
Loss for the year	-	-	-	-	-	-	(2,802,163)	(2,802,163)	-	(2,802,163)
Total recognised expense for the year	-	-	-	-	50,567	-	(2,802,163)	(2,751,596)	-	(2,751,596)
Transfer	-	-	-	292,038	-	-	(292,038)	-	-	-
At 30 June 2006	5,350,000	20,576,560	-	292,038	(22,887)	11,108,399	(32,304,734)	4,999,376	-	4,999,376
Exchange differences arising on translation of foreign operations recognised directly in equity	-	-	-	-	192,919	-	-	192,919	-	192,919
Loss for the year	-	-	-	-	-	-	(60,451,402)	(60,451,402)	(343,114)	(60,794,516)
Total recognised expense for the year	-	-	-	-	192,919	-	(60,451,402)	(60,258,483)	(343,114)	(60,601,597)
Recognitions of equity-settled share based payments	-	-	46,218,764	-	-	-	-	46,218,764	-	46,218,764
Shares issued on exercise of share options	232,550	9,370,994	(2,889,644)	-	-	-	-	6,713,900	-	6,713,900
Shares issued as consideration for acquisition of a subsidiary	475,160	420,041,440	-	-	-	-	-	420,516,600	-	420,516,600
Private placement	1,099,960	654,479,440	-	-	-	-	-	655,579,400	-	655,579,400
Share issue expenses	-	(18,575,415)	-	-	-	-	-	(18,575,415)	-	(18,575,415)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	543,200	543,200
Capital injected by minority shareholder of a subsidiary	-	-	-	-	-	-	-	-	4,900,000	4,900,000
Transfer of share premium (Note c)	-	(87,785,920)	-	-	-	47,191,476	40,594,444	-	-	-
At 30 June 2007	<u>7,157,670</u>	<u>998,107,099</u>	<u>43,329,120</u>	<u>292,038</u>	<u>170,032</u>	<u>58,299,875</u>	<u>(52,161,692)</u>	<u>1,055,194,142</u>	<u>5,100,086</u>	<u>1,060,294,228</u>

Notes:

- (a) In accordance with statutory requirements in the People's Republic of China (the "PRC"), other than the regions of the Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong"), the Macao Special Administrative Region of the People's Republic of China ("Macao") and Taiwan, a subsidiary of the Company registered in the PRC is required to transfer a certain percentage of its 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.
- (c) Pursuant to a special resolution passed by the shareholders at a special general meeting of the Company on 27 February 2007, the share premium account of the Company as of 31 January 2007 was reduced by HK\$87,785,920 and such amount was transferred to the contributed surplus account and accumulated losses account of the Company amounting to HK\$47,191,476 and HK\$40,594,444 respectively.

Notes:

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares have been listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The directors of the Company 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 addresses of the registered office and principal place of business of the Company are disclosed in the “Corporate Information” section to the annual report.

The Company is an investment holding company and its principal subsidiaries are mainly engaged in the provision of sports lottery management consultancy services, sports lottery information technology and payment solutions, software games and system, enterprise solutions for digital image processing system and related maintenance services for customers in the PRC and Macao.

The consolidated financial statements are presented in Hong Kong dollars. The functional currency of the Company was Macao Patacas. During the current financial year, subsequent to the acquisitions of the PRC subsidiaries as described in the section headed “REVIEW OF BUSINESS ACTIVITIES” below, the directors of the Company have determined that the functional currency of the Company is changed to Renminbi in line with the corresponding change of the core business of the Group from Macao to the PRC. 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. CHANGE OF COMPANY’S NAME

Pursuant to a special resolution passed by the shareholders at a special general meeting of the Company held on 27 February 2007, the name of the Company was changed from MegaInfo Holdings Limited to AGTech Holdings Limited. The change of name took effect on 27 February 2007.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) that are effective for the Group’s financial year beginning 1 July 2006. The adoption of the new HKFRSs had no material effect on how the Group’s results and financial position for the current or prior accounting years have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new standards, amendment and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new standards, amendment and interpretations will have no material impact on the financial statements of the Group.

HKAS 1 (Amendment)	Capital disclosures ¹
HKAS 23 (Revised)	Borrowing costs ²
HKFRS 7	Financial instruments: Disclosures ¹
HKFRS 8	Operating segments ²
HK(IFRIC) – INT 10	Interim financial reporting and impairment ³
HK(IFRIC) – INT 11	HKFRS 2 – Group and treasury share transactions ⁴
HK(IFRIC) – INT 12	Service concession arrangements ⁵
HK(IFRIC) – INT 13	Customer loyalty programmes ⁶
HK(IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction ⁵

¹ Effective for accounting periods beginning on or after 1 January 2007.

² Effective for accounting periods beginning on or after 1 January 2009.

³ Effective for accounting periods beginning on or after 1 November 2006.

⁴ Effective for accounting periods beginning on or after 1 March 2007.

⁵ Effective for accounting periods beginning on or after 1 January 2008.

⁶ Effective for accounting periods beginning on or after 1 July 2008.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost. The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange and by the Hong Kong Companies Ordinance.

5. REVENUE

Revenue represents the amounts received and receivable from the provision of sports lottery management consultancy services, sports lottery information technology and payment solutions, 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:

	2007 HK\$	2006 HK\$
Revenue in respect of provision of management consultancy services to the authorised operator of the sports lottery for certain municipality and provinces in the PRC	1,045,859	–
Revenue in respect of provision of sports lottery information technology and payment solutions and enterprise solutions of digital image processing system under construction contracts	18,675,372	64,671,443
Sales of computer software products and related maintenance services	2,343,291	4,732,602
	<u>22,064,522</u>	<u>69,404,045</u>

6. 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 consultancy services – provision of management consultancy services to the authorised operator of sports lottery for certain municipality and provinces in the PRC.

Sports lottery information technology and payment solutions – provision of information technology and payment solutions for the use in the sports lottery market in the PRC.

Provision of software games and system – sales and distribution of specific software games and related system and provision of maintenance, after-sales, training and consultancy services for such products for the sports lottery market in the PRC.

Enterprise solutions – provision of information technology management solutions which include design and installation of digital image processing system under construction contracts, sales of computer software products and related maintenance services.

Segment information about these businesses is presented below:

Business segments

2007

	Sports lottery information technology and payment solutions HK\$	Sports lottery management consultancy services HK\$	Provision of software games and system HK\$	Enterprise solutions HK\$	Consolidated HK\$
Income statement					
REVENUE	<u>869,465</u>	<u>1,045,859</u>	<u>–</u>	<u>20,149,198</u>	<u>22,064,522</u>
SEGMENT RESULT	<u>(2,814,672)</u>	<u>(297,453)</u>	<u>(697,684)</u>	<u>(1,010,271)</u>	<u>(4,820,080)</u>
Unallocated corporate income					1,549,042
Unallocated corporate expenses					<u>(57,994,117)</u>
Loss before taxation					(61,265,155)
Taxation					<u>470,639</u>
Loss for the year					<u><u>(60,794,516)</u></u>
Balance sheet					
ASSETS					
Segment assets	10,480,096	174,691,862	774,481	5,658,934	191,605,373
Goodwill					597,868,056
Unallocated corporate assets					<u>322,552,577</u>
Consolidated total assets					<u><u>1,112,026,006</u></u>
LIABILITIES					
Segment liabilities	87,675	291,861	977,945	4,869,014	6,226,495
Unallocated corporate liabilities					<u>45,505,283</u>
Consolidated total liabilities					<u><u>51,731,778</u></u>

	Sports lottery information technology and payment solutions <i>HK\$</i>	Sports lottery management consultancy services <i>HK\$</i>	Provision of software games and system <i>HK\$</i>	Enterprise solutions <i>HK\$</i>	Consolidated <i>HK\$</i>
Other information					
Additions to goodwill arising on acquisition of subsidiaries	2,636,218	–	–	–	2,636,218
Additions to goodwill arising on acquisition of subsidiaries (unallocated)	–	–	–	–	597,868,056
Additions to other intangible assets arising on acquisition of subsidiaries	5,091,331	172,911,658	–	–	178,002,989
Additions to property, plant and equipment	1,901,590	–	292,056	–	2,193,646
Additions to property, plant and equipment (unallocated)	–	–	–	–	3,664,256
Property, plant and equipment acquired on acquisition of subsidiaries	381,528	1,429,894	–	–	1,811,422
Amortisation of other intangible assets	445,852	980,326	–	–	1,426,178
Depreciation of property, plant and equipment	143,813	16,114	6,259	566,887	733,073
Depreciation of property, plant and equipment (unallocated)	–	–	–	–	<u>407,380</u>

2006

	Enterprise solutions HK\$	Consolidated HK\$
Income statement		
REVENUE	69,404,045	69,404,045
SEGMENT RESULT	2,851,654	2,851,654
Unallocated corporate income		120,816
Unallocated corporate expenses		(5,622,633)
Loss before taxation		(2,650,163)
Taxation		(152,000)
Loss for the year		(2,802,163)
Balance sheet		
ASSETS		
Segment assets	11,058,466	11,058,466
Unallocated corporate assets		7,650,464
Consolidated total assets		18,708,930
LIABILITIES		
Segment liabilities	12,310,388	12,310,388
Unallocated corporate liabilities		1,399,166
Consolidated total liabilities		13,709,554
Other information		
Additions to property, plant and equipment	104,700	104,700
Depreciation of property, plant and equipment	664,116	664,116
Allowance for bad and doubtful debts	138,495	138,495
Allowance for slow moving inventories	108,920	108,920
Impairment loss in respect of investment in an associate	14,272	14,272

Geographical segments

The Group's operations, by the geographical location of its customers, are located in Macao and the PRC. The Group's sports lottery management consultancy services, sports lottery information technology and payment solutions and provision of software games and system are carried out in the PRC. The Group's enterprise solutions were carried out in Macao and the PRC.

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

	2007 HK\$	2006 HK\$
The PRC	2,960,559	2,971,809
Macao	19,103,963	66,432,236
	<u>22,064,522</u>	<u>69,404,045</u>

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment, other intangible assets and goodwill, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment, other intangible assets and goodwill	
	2007	2006	2007	2006
	HK\$	HK\$	HK\$	HK\$
The PRC	185,495,608	429,136	184,352,219	–
Macao	5,335,284	10,537,630	–	104,700
Hong Kong	774,481	91,700	292,056	–
	<u>191,605,373</u>	<u>11,058,466</u>	<u>184,644,275</u>	<u>104,700</u>

7. TAXATION

Taxation for the year ended 30 June 2007 represents the deferred taxation credit for the year.

No provision for profits tax for the year ended 30 June 2007 has been made as there is no assessable profits for the year. Taxation for the year ended 30 June 2006 represented Macao Profits Tax calculated at 12% of the estimated assessable profits for the year.

Pursuant to the relevant laws and regulations in the PRC, certain of the Group's PRC subsidiaries are exempted from PRC Enterprise Income Tax either for two years or two years starting from their first profit-making year, followed by a 50% reduction for the next three years. No provision for PRC Enterprise Income Tax has been made in the consolidated financial statements as all of the PRC subsidiaries were exempted from PRC Enterprise Income Tax during the year.

Pursuant to the PRC Enterprise Income Tax Law (the "New Law") passed by the Tenth National People's Congress on 16 March 2007, the new PRC income tax rates for domestic and foreign enterprises are unified at 25% effective from 1 January 2008. Under the New Law, entities that are currently entitled to preferential tax rates may continue to enjoy the tax benefits. As detailed measures concerning the tax incentives have not been issued by the State Council, the management of the Group is not yet in a position to assess the impact, if any. The Group will continue to evaluate the impact when more detailed regulations are announced.

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

	Macao		PRC		Hong Kong		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Loss before taxation	(222,892)	2,580,574	(2,473,088)	(1,417,936)	(58,569,175)	(3,812,801)	(61,265,155)	(2,650,163)
Tax at the domestic income tax rate	(26,747)	309,669	(816,119)	(425,381)	(10,249,606)	(667,240)	(11,092,472)	(782,952)
Tax effect of expenses not deductible for tax purpose	–	48,724	–	–	8,350,081	36,182	8,350,081	84,906
Tax effect of income not taxable for tax purpose	(19,109)	(11,754)	(13,991)	(3,231)	(241,608)	(1,774)	(274,708)	(16,759)
Utilisation of tax losses previously not recognised	(2,587)	(194,639)	(234,600)	–	–	6,639	(237,187)	(188,000)
Tax effect of estimated tax losses not recognised	48,443	–	1,064,710	428,612	2,141,133	626,193	3,254,286	1,054,805
Others	–	–	–	–	(470,639)	–	(470,639)	–
Taxation for the year	–	152,000	–	–	(470,639)	–	(470,639)	152,000

Note: The applicable tax rates for Macao, the PRC and Hong Kong are 12%, 33% and 17.5% (2006: 12%, 30% and 17.5%) respectively.

8. LOSS FOR THE YEAR

	2007 HK\$	2006 HK\$
Loss for the year has been arrived at after charging (crediting):		
Auditor's remuneration	800,000	550,000
Cost of inventories recognised as an expense	12,245,932	53,701,155
Allowance for bad and doubtful debts		
(included in administrative expenses)	–	138,495
Allowance for slow moving inventories (included in cost of sales)	–	108,920
Impairment loss recognised in respect of investment		
in an associate (included in administrative expenses)	–	14,272
Amortisation of other intangible assets (included in cost of sales)	1,426,178	–
Depreciation of property, plant and equipment	1,140,453	664,116
Loss on disposal of property, plant and equipment	503	9,770
Net foreign exchange loss	92,549	23,956
Operating lease rentals in respect of rented premises	1,516,363	709,398
Staff costs, including directors' remunerations		
Fees, salaries, discretionary bonus and other benefits	10,471,445	8,545,273
Share-based payments (included in other expenses)	22,971,764	–
Social security costs	345,367	233,077
Retirement benefits scheme contributions	70,318	12,000
	33,858,894	8,790,350
Share-based payments for an option granted to minority shareholder of a subsidiary (included in other expenses)	23,247,000	–
Bank interest income	(1,549,042)	(120,816)
Government grants in relation to research and development of information and technology work	(174,757)	–

The research and development costs mainly included staff costs of HK\$2,263,259 (2006: HK\$2,339,099).

9. LOSS PER SHARE

The calculation of basic/diluted loss per share is based on the loss attributable to equity holders of the parent for the year of HK\$60,451,402 (2006: HK\$2,802,163) and weighted average number of 2,938,298,247 shares (2006: 2,675,000,000 shares) in issue during the year.

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

The weighted average number of ordinary shares for the purpose of basic/diluted loss per share for the year ended 30 June 2006 has been adjusted for the share subdivision which took effect on 24 October 2006.

10. GOODWILL

	<i>HK\$</i>
COST	
At 1 July 2005	585,082
Elimination of accumulated amortisation upon application of HKFRS 3	<u>(585,082)</u>
At 30 June 2006	—
Arising on acquisition of subsidiaries	<u>600,504,274</u>
At 30 June 2007	<u>600,504,274</u>
AMORTISATION AND IMPAIRMENT	
At 1 July 2005 and 1 July 2006	585,082
Elimination of accumulated amortisation upon application of HKFRS 3	<u>(585,082)</u>
At 30 June 2007	<u>—</u>
CARRYING VALUES	
At 30 June 2007	<u><u>600,504,274</u></u>
At 30 June 2006	<u><u>—</u></u>

11. OTHER INTANGIBLE ASSETS

	Software licences <i>HK\$</i>	Non- competition agreements <i>HK\$</i>	Contracted customer <i>HK\$</i>	Total <i>HK\$</i>
COST				
At 1 July 2005 and 1 July 2006	11,467,290	–	–	11,467,290
Acquired on acquisition of subsidiaries	–	5,091,331	172,911,658	178,002,989
At June 30, 2007	11,467,290	5,091,331	172,911,658	189,470,279
AMORTISATION AND IMPAIRMENT				
At 1 July 2005 and 1 July 2006	11,467,290	–	–	11,467,290
Charge for the year	–	445,852	980,326	1,426,178
At 30 June 2007	11,467,290	445,852	980,326	12,893,468
CARRYING VALUES				
At 30 June 2007	–	4,645,479	171,931,332	176,576,811
At 30 June 2006	–	–	–	–

12. TRADE RECEIVABLES

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

	2007 <i>HK\$</i>	2006 <i>HK\$</i>
0 to 30 days	87,066	1,471,057
31 to 60 days	34,490	171,646
61 to 90 days	16,718	4,591
91 to 120 days	14,698	–
121 to 365 days	841,018	26,170
Over 365 days	127,238	36,505
	1,121,228	1,709,969

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

The Directors consider that the carrying amount of the trade receivables approximates its fair value.

13. 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 3% – 4.25% per annum (2006: 1.2% 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\$2,419,782 (2006: nil) has been pledged to secure undrawn facilities and is therefore classified as current asset.

At the balance sheet date, the pledged bank deposits and bank balances and cash of approximately HK\$13,596,000 (2006: HK\$1,143,000) were denominated in Renminbi which is not freely convertible into other currencies and approximately HK\$298,667,000 (2006: HK\$1,385,000) denominated in Hong Kong dollars, which is not the functional currency of the relevant group entities.

14. TRADE PAYABLES

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

	2007 HK\$	2006 HK\$
0 to 30 days	253,051	586,557
31 to 60 days	–	3,162,735
61 to 90 days	–	1,953,821
91 to 120 days	39,256	1,625,915
121 to 365 days	2,594,866	847,470
Over 365 days	1,156,215	–
	<u>4,043,388</u>	<u>8,176,498</u>

At 30 June 2006, included in the outstanding trade payables was HK\$2,706,938 due to related companies in which Mr. José Manuel dos Santos* has a beneficial interest.

* *Mr. José Manuel dos Santos resigned as director of the Company on 19 July 2006.*

The Directors consider that the carrying amount of the trade payables approximates its fair value.

15. DEFERRED TAX LIABILITIES

The following is the deferred tax liabilities recognised and movements thereon during the current and prior reporting years.

	Intangible assets HK\$
At 1 July 2005 and 1 July 2006	–
Acquired on acquisition of subsidiaries	44,500,748
Credit to income statement (<i>Note 7</i>)	(470,639)
	<u>44,030,109</u>
At 30 June 2007	<u>44,030,109</u>

At the balance sheet date, the Group has estimated tax losses of approximately HK\$47,179,000 (2006: HK\$31,872,000), out of which the estimated unused tax losses of HK\$28,052,000 (2006: HK\$12,723,000) are available for offset against future profits. The remaining tax losses of approximately HK\$19,127,000 (2006: HK\$19,149,000) cannot be carried forward to offset against future profits. 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 HK\$7,062,000 (2006: HK\$4,244,000) that will expire within 5 years. Other estimated unused tax losses of HK\$20,990,000 (2006: HK\$8,479,000) may be carried forward indefinitely.

16. DIVIDEND

The Board does not recommend the payment of a final dividend for the year (2006: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF BUSINESS ACTIVITIES

PRC – Building on solid ground

The 2007 financial year will be recalled as a significant turning point for the Group, having effectively transformed ourselves to become a major participant in China's lottery business. Though the industry has yet to develop more fully, illegal betting provides a fair indication of the enormous potential that exists, outstripping the two legitimate government-managed lotteries by a staggering approximately 10:1 ratio in 2005, according to findings from China Center for Lottery Studies, Peking University.

Optimising our position as an early entrant in this business, we have within a short time span, established important strategic alliances with local and foreign partners, thus achieving our goal of being a fully integrated solutions provider for the sports lottery sector in the PRC. In January 2007, to bolster our lottery game development prowess, we entered into a joint venture agreement with a wholly-owned subsidiary of Ladbrokes plc, the largest betting shop chain operator in the United Kingdom and one of the world's largest fixed odds betting companies. As part of the agreement, Asia Gaming Technologies Limited was founded in which the Group holds a 51% equity interest. Among the activities that the newly formed venture will engage in include management and development of certain software game products; sale and distribution of products that are compliant with relevant PRC regulatory requirements; provision of maintenance, after-sales, training and consultancy services; and the management, development, sale and distribution of additional products upon further agreements by the two parties.

While enhancing our software development and associated services capabilities is crucial, the ability to offer a secure electronic payment system is equally important, helping to instil confidence among the public and offer convenience which promotes participation. Realising this, the Group took an approximate 20.69% stake in 上海卡友信息服務有限公司 (Shanghai Cardinfo Co., Ltd.), a subsidiary of 中國銀聯股份有限公司 (China UnionPay Company Limited). The strategic partnership was secured in March 2007, thereby allowing us to capitalise on the fixed-line telephone-based payment system developed by Shanghai Cardinfo Co., Ltd., with a view to pioneering and facilitating cashless lottery purchases by players.

Yet another decisive initiative in May 2007 saw the Group take possession of SHINING CHINA INC. The acquisition allows us to capitalise on the company's management consultancy business and take possession of management consultancy agreements that its subsidiary holds with a sports lottery sales operator that is authorised by three provincial and municipal Sports Lottery Administration Centres ("SLACs") from Chongqing, Jiangxi and Hunan (collectively, the "Territories"). The acquisition will also mean that the Group will enjoy management consultancy fees based on a fixed percentage of the sports lottery sales of the respective Territories, ranging from 1.25% to 8% (subject to accomplishment of any sales targets set by the SLACs of certain Territories).

While capitalising on the expertise of our new partners, the Group's own strengths in information technology have also been utilised. Specifically, SYSTEK LTD, a wholly-owned subsidiary of the Company acquired by the Group in December 2006, has (through its subsidiary) developed hand-held, point-of-sale terminals and is continuing to develop new games. Of the former, the device operates using CDMA network thus allowing it to be employed outside of city centres and not limited to one fixed location. We have also been engaged in a project involving the development of, and the provision of training and after-sales services relating to, certain lottery system for a PRC client.

Macao – Preserving valued ties

During the year under review, the Group remained an important partner with the Macao Government in terms of implementing an e-government application which enhances the automatic queuing system of the one-stop e-government system. We have also installed and implemented a surveillance system for the Judiciary Police of Macao. Aside from our activities with the local government and police force, we have continued to receive variation orders for our services from the gaming operators in Macao and installed a structured cabling solution for one of them.

PROSPECTS

As the Chinese government is keen to reform the present sports lottery market to counter illegal gaming and also to raise revenue ahead of the 2008 Olympic Games, prospects will remain high for the present and near future. Already, the PRC government has supported the industry by allowing new high frequency games, higher maximum prize and greater prize returns for players. Still more initiatives are being explored by the government.

Having successfully realised our business model which encompasses the aspects of equipment supply, game software, management consultancy and cashless lottery payment systems, our next objective will be to broaden the breadth of coverage across China, branching to more provinces as deemed appropriate. Exploring ways to enhance retail and logistics management by employing new methodologies; we will seek to assist our customer(s) to open more sales venues for sports lottery.

Complementing our expansion efforts will be the ongoing development of virtual high frequency games; specifically, we will continue to dedicate efforts into research and development, producing innovative hardware and new lottery games that cater to particular market segments.

An important contributor to our rapid penetration of the China sports lottery segment can be linked to our association with key business partners and here too we will examine opportunities for establishing new associations that can fortify the Group's abilities while bringing attractive returns to shareholders.

REVIEW OF OPERATING RESULTS

Turnover and profitability

Amidst a period of transition in which the Group intensified its efforts towards building a solid presence in China's sports lottery business, turnover for the year declined by approximately 68.2% year on year to approximately HK\$22.1 million (2006: approximately HK\$69.4 million), mainly due to the fact that particularly high turnover was generated from the large East Asian Games project last year, while no projects of such scale were undertaken by the Group during the year under review. Moreover, net loss of the Group for the year amounted to approximately HK\$60.8 million, contrasting with a net loss of approximately HK\$2.8 million recorded for last year. Such performance was slightly improved by income recorded from the Group's newly acquired management consultancy business in respect of the sports lottery in the provinces of Hunan and Jiangxi as well as the municipality of Chongqing, though contributions only began to be recorded about two weeks before the close of the financial year when the Group completed such acquisition.

Notwithstanding the aforesaid decline in turnover and net loss of the Group this year, the Group managed to secure projects with higher margins during the year, and the gross profit margin for the year stood at approximately 27.2%, an improvement over that of last year of approximately 18.7%.

The increase in net loss of the Group during the year was primarily attributable to a combination of factors, including (i) the above-mentioned fact that no large projects like the East Asian Games project last year were undertaken by the Group during the year under review; (ii) the rise in other expenses totalling approximately HK\$46.2 million resulting from the adoption of Hong Kong Financial Reporting Standard 2 "Share-based Payment" for share options of the Company granted to Directors, consultants and employees of the Group under the Share Option Scheme, as well as the option granted to Ladbroke Group during the year as part of an agreement that led to the establishment of a joint venture company as announced on 23 January 2007; and (iii) the rise in legal and professional fees and expenses as well as staff costs owing to the aforementioned corporate activities and expansion efforts, along with the employment of additional personnel to augment the management team subsequent to the change in control of the Company in June 2006.

Capital resources and liquidity

Net cash and bank balances as at 30 June 2007 were approximately HK\$315.6 million. The total assets and net current assets of the Group as at 30 June 2007 were approximately HK\$1,112.0 million and approximately HK\$316.6 million respectively.

The Group financed its operations primarily with internally generated cashflows as well as the proceeds from fund raising exercises and from the exercising by grantees of the share options granted under the share option scheme adopted by the Company on 18 November 2004.

Capital commitments

As at 30 June 2007, the Group did not have any significant capital commitments or commitments for significant investments other than those disclosed in the section headed "REVIEW OF BUSINESS ACTIVITIES" above.

Charges on Group's assets

As at 30 June 2007, there was no charge on the assets of the Group.

Foreign exchange exposure

As at 30 June 2007, the Group held cash and 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 2007, there were no material contingent liabilities.

Employees' information

As at 30 June 2007, the Group had 75 (2006: 44) employees in Hong Kong, Macao and the PRC. Total staff costs (excluding Directors' emoluments and share-based payments) for the year ended 30 June 2007 amounted to approximately HK\$8.9 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 2007 have been reviewed and commented on by the audit committee.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company had complied with the code provisions of the Code on Corporate Governance Practices, as set out in Appendix 15 of the GEM Listing Rules, except (as similarly disclosed on page 6 of the Company's annual report for the year ended 30 June 2006) 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, the former Director, Mr. José Manuel dos Santos, for the period from 1 July 2006 to 18 July 2006, and the existing Director, Mr. Sun Ho, for the period from 19 July 2006 to 30 June 2007. 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.
- 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.

By order of the Board
AGTech Holdings Limited
Sun Ho
Chairman

Hong Kong, 24 September 2007

As at the date of this announcement, the Board comprises Mr. Sun Ho, Mr. Robert Geoffrey Ryan and Mr. Bai Jinmin as executive Directors; and Mr. Kwok Wing Leung Andy, Mr. Wang Ronghua and Mr. Hua Fengmao as independent non-executive Directors.

This announcement will remain on the "Latest Company Announcement" page of the internet website operated by the Stock Exchange for the purposes of the GEM at www.hkgem.com for at least seven days from the day of its posting.