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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 2008

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 2008

- Total revenue of the Group for the year amounted to approximately HK\$45.0 million, representing an increase of approximately 103.8% over last year. Approximately 96.0% of such revenue was derived from the provision of sports lottery management and marketing consultancy services and the supply of sports lottery sales terminals which yielded much higher margins than the enterprise solutions projects secured by the Group during the prior year.
- The Group recorded a loss from business operations of approximately HK\$7.6 million (2007: loss from business operations amounted to approximately HK\$13.5 million) after excluding the effects of the share-based payment expense and amortisation of other intangible assets as stated below. The gross profit percentage stood at approximately 63.9%, a substantial improvement over the gross profit percentage of approximately 33.7% of last year.
- Loss attributable to equity holders of the Company for the year amounted to approximately HK\$128.5 million, primarily due to (i) the share-based payment expense (totalling approximately HK\$86.3 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, employees of the Group and other eligible participants under the share option scheme of the Company; and (ii) the amortisation of other intangible assets (totalling approximately HK\$39.8 million) which arose from the Group’s acquisitions of SYSTEK LTD and SHINING CHINA INC (both being wholly-owned subsidiaries of the Company) during the financial year ended 30 June 2007.
- 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 2008, together with the comparative audited figures for the year ended 30 June 2007 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2008

	<i>Notes</i>	2008 HK\$	2007 HK\$
Revenue	4	44,970,170	22,064,522
Cost of sales and services		(16,251,973)	(14,635,949)
Gross profit		28,718,197	7,428,573
Bank interest income		6,841,715	1,549,042
Other income		3,972	449,493
Selling and administrative expenses		(43,142,044)	(22,954,772)
Loss from business operations		(7,578,160)	(13,527,664)
Share-based payments		(86,253,452)	(46,218,764)
Net foreign exchange loss		(4,542,351)	(92,549)
Amortisation of other intangible assets		(39,840,490)	(1,426,178)
Loss before taxation		(138,214,453)	(61,265,155)
Taxation	6	8,601,004	470,639
Loss for the year	7	<u>(129,613,449)</u>	<u>(60,794,516)</u>
Attributable to:			
Equity holders of the Company		(128,536,053)	(60,451,402)
Minority interests		(1,077,396)	(343,114)
		<u>(129,613,449)</u>	<u>(60,794,516)</u>
Loss per Share			
Basic and diluted	8	<u>HK3.59 cents</u>	<u>HK2.06 cents</u>

CONSOLIDATED BALANCE SHEET

At 30 June 2008

	Notes	2008 HK\$	2007 HK\$
Non-current assets			
Property, plant and equipment		17,544,830	7,580,157
Goodwill	9	664,123,438	600,504,274
Other intangible assets	10	158,859,834	176,576,811
Investment in an associate		–	–
Deposit paid for proposed investment in an associate		–	3,089,400
Deposits and prepayments		54,738,384	–
		<u>895,266,486</u>	<u>787,750,642</u>
Current assets			
Inventories		247,714	726,115
Trade receivables	11	11,423,291	1,121,228
Amounts due from customers for contract work		2,568,135	3,136,883
Other receivables, deposits and prepayments		29,196,116	3,654,246
Current tax recoverable		410,039	–
Pledged bank deposits	12	1,287,182	2,419,782
Bank balances and cash	12	211,656,479	313,217,110
		<u>256,788,956</u>	<u>324,275,364</u>
Current liabilities			
Trade payables	13	2,875,120	4,043,388
Other payables, accruals and deposits received		2,736,277	3,434,098
Current tax liabilities		–	152,000
Bank overdrafts		–	72,183
		<u>5,611,397</u>	<u>7,701,669</u>
Net current assets		<u>251,177,559</u>	<u>316,573,695</u>
Total assets less current liabilities		<u>1,146,444,045</u>	<u>1,104,324,337</u>
Non-current liabilities			
Deferred tax liabilities	14	38,810,384	44,030,109
Net assets		<u>1,107,633,661</u>	<u>1,060,294,228</u>
Capital and reserves			
Share capital		7,160,170	7,157,670
Reserves		1,096,350,958	1,048,036,472
Equity attributable to equity holders of the Company		1,103,511,128	1,055,194,142
Minority interests		4,122,533	5,100,086
Total equity		<u>1,107,633,661</u>	<u>1,060,294,228</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2008

	Attributable to equity holders of the Company							Minority interests HK\$	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\$	
At 1 July 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)	(60,794,516)
Total recognised income and expense for the year	-	-	-	-	192,919	-	(60,451,402)	(60,258,483)	(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 of new Shares	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	7,157,670	998,107,099	43,329,120	292,038	170,032	58,299,875	(52,161,692)	1,055,194,142	1,060,294,228
Exchange differences arising on translation of foreign operations recognised directly in equity	-	-	-	-	90,327,087	-	-	90,327,087	90,426,930
Loss for the year	-	-	-	-	-	-	(128,536,053)	(128,536,053)	(129,613,449)
Total recognised income and expense for the year	-	-	-	-	90,327,087	-	(128,536,053)	(38,208,966)	(39,186,519)
Recognitions of equity-settled share-based payments	-	-	86,253,452	-	-	-	-	86,253,452	86,253,452
Shares issued on exercise 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	1,107,633,661

Notes:

- (a) In accordance with 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.
- (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 was incorporated in Bermuda as an exempted company with limited liability and its issued Shares have been listed on GEM.

At 30 June 2008, 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 the provision of sports lottery management and marketing consultancy services, supply of sports lottery sales terminals, provision of sports lottery information technology and payment solutions, software games and system, enterprise solutions of digital image processing system, surveillance system 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, for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1 July 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

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

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKAS 32 & HKAS 1 (Amendment)	Puttable Financial Instruments and Obligations Arising on Liquidation ¹
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combinations ²
HKFRS 8	Operating Segments ¹
HK(IFRIC)-Int 12	Service Concession Arrangements ³
HK(IFRIC)-Int 13	Customer Loyalty Programmes ⁴
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ³
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate ¹
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation ⁵

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

² Effective for annual periods beginning on or after 1 July 2009

³ Effective for annual periods beginning on or after 1 January 2008

⁴ Effective for annual periods beginning on or after 1 July 2008

⁵ Effective for annual periods beginning on or after 1 October 2008

The Directors anticipate that the application of these new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

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 Hong Kong Financial Reporting Standards (“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 the provision of sports lottery management and marketing consultancy services, supply of sports lottery sales terminals (and accessories), provision of sports lottery information technology and payment solutions, enterprise solutions of digital image processing system and surveillance 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:

	2008 <i>HK\$</i>	2007 <i>HK\$</i>
Revenue in respect of provision of management and marketing consultancy services to the 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	43,163,581	1,045,859
Revenue in respect of provision of sports lottery information technology and payment solutions	–	869,465
Revenue in respect of provision of enterprise solutions of digital image processing system and surveillance system and sales of computer software products and related maintenance services	<u>1,806,589</u>	<u>20,149,198</u>
	<u>44,970,170</u>	<u>22,064,522</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 the 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.
- 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.
- Enterprise solutions – provision of information technology management solutions which include design and installation of digital image processing system and surveillance system, sales of computer software products and related maintenance services.

Business segments

For the year ended 30 June 2008

	Sports lottery information technology and payment solutions HK\$	Sports lottery management and marketing consultancy services, and supply of sports lottery sales terminals 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

Business segments

For the year ended 30 June 2007

	Sports lottery information technology and payment solutions HK\$	Sports lottery management consultancy services HK\$	Enterprise solutions HK\$	Consolidated HK\$
Income statement				
REVENUE	869,465	1,045,859	20,149,198	22,064,522
SEGMENT RESULT	(2,814,672)	(297,453)	(1,010,271)	(4,122,396)
Unallocated corporate income				1,549,042
Unallocated corporate expenses				(58,691,801)
Loss before taxation				(61,265,155)
Taxation				470,639
Loss for the year				(60,794,516)
Balance sheet				
ASSETS				
Segment assets	7,843,878	174,691,862	5,658,934	188,194,674
Goodwill	2,636,218	597,868,056	–	600,504,274
Unallocated corporate assets				323,327,058
Consolidated total assets				1,112,026,006
LIABILITIES				
Segment liabilities	87,675	291,861	4,869,014	5,248,550
Unallocated corporate liabilities				46,483,228
Consolidated total liabilities				51,731,778
Other information				
Additions to goodwill arising on acquisition of subsidiaries	2,636,218	597,868,056	–	600,504,274
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	–	–	1,901,590
Additions to property, plant and equipment (unallocated)	–	–	–	3,956,312
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	566,887	726,814
Depreciation of property, plant and equipment (unallocated)	–	–	–	413,639

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 2008, the Group's sports lottery management and marketing consultancy services, supply of sports lottery sales terminals and provision of sports lottery information technology and payment solutions were 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:

	2008 HK\$	2007 HK\$
The PRC	44,598,528	2,960,559
Macao	<u>371,642</u>	<u>19,103,963</u>
	<u>44,970,170</u>	<u>22,064,522</u>

The following tables provide analyses 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:

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

	2008 HK\$	2007 HK\$
The PRC	16,099,565	785,884,531
Hong Kong	<u>269,154</u>	<u>292,056</u>
	<u>16,368,719</u>	<u>786,176,587</u>

Carrying amount of segment assets

	2008 HK\$	2007 HK\$
The PRC	966,225,773	783,363,664
Macao	4,797,977	5,335,284
Hong Kong	<u>2,941,131</u>	<u>—</u>
	<u>973,964,881</u>	<u>788,698,948</u>

6. TAXATION

	2008 HK\$	2007 HK\$
Current tax		
– PRC Enterprise Income Tax	1,299,052	—
Overprovision of current tax in previous year	(65,464)	—
Deferred tax (<i>Note 14</i>)	<u>(9,834,592)</u>	<u>(470,639)</u>
	<u>(8,601,004)</u>	<u>(470,639)</u>

No provision for Hong Kong profits tax has been made as there were no assessable profits for the years ended 30 June 2007 and 2008.

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. For the year ended 30 June 2008, PRC subsidiaries are subject to PRC Enterprise Income Tax. 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 for the year ended 30 June 2007.

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

	2008 HK\$	2007 HK\$
Loss before taxation	<u>(138,214,453)</u>	<u>(61,265,155)</u>
Tax at domestic income tax rate (<i>Note</i>)	(25,161,113)	(11,092,472)
Tax effect of expenses not deductible for tax purpose	23,936,460	8,350,081
Tax effect of income not taxable for tax purpose	(1,047,492)	(274,708)
Utilisation of previously unrecognised tax losses	(1,224,416)	(237,187)
Tax effect of unrecognised estimated tax losses	4,795,613	3,254,286
Over-provision in the previous year	(65,464)	–
Others	<u>(9,834,592)</u>	<u>(470,639)</u>
	<u>(8,601,004)</u>	<u>(470,639)</u>

Note: The applicable tax rates for Macao, the PRC and Hong Kong are 12%, 25%-33% and 16.5% (2007: 12%, 33% and 17.5%) respectively.

7. LOSS FOR THE YEAR

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

	2008 HK\$	2007 HK\$
Auditors' remuneration	650,000	800,000
Cost of inventories recognised as an expense	973,493	12,245,932
Impairment losses 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	3,083,266	1,140,453
Loss on disposal of property, plant and equipment	8,276	503
Operating lease rentals in respect of rented premises	2,783,955	1,516,363
Share-based payment for an option granted to minority shareholder of a subsidiary	–	23,247,000
Government grants in relation to research and development of information and technology work	<u>–</u>	<u>(174,757)</u>
Staff costs, including Directors' remunerations:		
Fees, salaries, discretionary bonus and other benefits	20,194,789	10,471,445
Share-based payments	56,748,202	22,971,764
Social security costs	899,877	345,367
Retirement benefits scheme contributions	<u>97,616</u>	<u>70,318</u>
	<u>77,940,484</u>	<u>33,858,894</u>

8. LOSS PER SHARE

The calculation of basic/diluted loss per Share is based on the loss attributable to equity holders of the Company for the year of HK\$128,536,053 (2007: HK\$60,451,402) and the weighted average number of 3,579,118,470 Shares (2007: 2,938,298,247 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.

9. GOODWILL

	<i>HK\$</i>
COST	
At 1 July 2006	—
Arising on acquisition of subsidiaries	<u>600,504,274</u>
At 30 June 2007	600,504,274
Exchange adjustments	<u>63,619,164</u>
At 30 June 2008	<u><u>664,123,438</u></u>
CARRYING VALUES	
At 30 June 2008	<u><u>664,123,438</u></u>
At 30 June 2007	<u><u>600,504,274</u></u>

10. OTHER INTANGIBLE ASSETS

	Club membership HK\$	Capitalised development costs HK\$	Software licenses HK\$	Non- competition agreements HK\$	Contracted customer HK\$	Total HK\$
COST						
At 1 July 2006	–	–	11,467,290	–	–	11,467,290
Acquired on acquisition of subsidiaries	–	–	–	5,091,331	172,911,658	178,002,989
At 30 June 2007	–	–	11,467,290	5,091,331	172,911,658	189,470,279
Exchange adjustments	–	–	–	543,946	18,318,763	18,862,709
Additions	1,741,936	1,876,366	–	–	–	3,618,302
At 30 June 2008	<u>1,741,936</u>	<u>1,876,366</u>	<u>11,467,290</u>	<u>5,635,277</u>	<u>191,230,421</u>	<u>211,951,290</u>
AMORTISATION AND IMPAIRMENT						
At 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
Exchange adjustments	–	–	–	53,891	303,607	357,498
Charge for the year	–	–	–	1,284,762	38,555,728	39,840,490
At 30 June 2008	<u>–</u>	<u>–</u>	<u>11,467,290</u>	<u>1,784,505</u>	<u>39,839,661</u>	<u>53,091,456</u>
CARRYING AMOUNTS						
At 30 June 2008	<u>1,741,936</u>	<u>1,876,366</u>	<u>–</u>	<u>3,850,772</u>	<u>151,390,760</u>	<u>158,859,834</u>
At 30 June 2007	<u>–</u>	<u>–</u>	<u>–</u>	<u>4,645,479</u>	<u>171,931,332</u>	<u>176,576,811</u>

11. TRADE RECEIVABLES

	2008 HK\$	2007 HK\$
Trade receivables	11,955,581	1,121,228
Less: Allowance for doubtful debts	<u>(532,290)</u>	<u>—</u>
	<u>11,423,291</u>	<u>1,121,228</u>

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

	2008 HK\$	2007 HK\$
0 to 30 days	10,899,713	87,066
31 to 60 days	495,755	34,490
61 to 90 days	27,823	16,718
91 to 120 days	—	14,698
121 to 365 days	—	841,018
Over 365 days	<u>—</u>	<u>127,238</u>
	<u>11,423,291</u>	<u>1,121,228</u>

The credit terms granted to customers vary and are generally the result of negotiations between the 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 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:

	2008 HK\$	2007 HK\$
0 to 30 days	523,694	34,490
31 to 60 days	27,822	16,718
61 to 90 days	—	14,698
91 to 120 days	—	75,718
121 to 365 days	—	855,451
Over 365 days	<u>—</u>	<u>37,087</u>
	<u>551,516</u>	<u>1,034,162</u>

Movement in the allowance for doubtful debts

	2008 HK\$	2007 HK\$
Beginning of the year	—	—
Impairment losses recognised on receivables	<u>532,290</u>	<u>—</u>
Balance at end of the year	<u>532,290</u>	<u>—</u>

During the year ended 30 June 2008, the Group recognised impairment loss in respect of trade receivables from third party customers amounting to HK\$532,290 (2007: Nil).

The aged analysis of impaired trade receivables is as follows:

	2008 HK\$	2007 HK\$
0 to 30 days	17,100	—
31 to 60 days	—	—
61 to 90 days	4,683	—
91 to 120 days	2,255	—
121 to 365 days	49,167	—
Over 365 days	459,085	—
	532,290	—

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 1.1%-6% per annum (2007: 3%-4.25% 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\$1,287,182 (2007: HK\$2,419,782) were pledged during the year ended 30 June 2008 to secure undrawn facilities and are therefore classified as current assets.

At the balance sheet date, the pledged bank deposits and bank balances and cash of approximately HK\$50,583,000 (2007: HK\$13,596,000) were denominated in Renminbi which is not freely convertible into other currencies.

13. TRADE PAYABLES

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

	2008 HK\$	2007 HK\$
0 to 30 days	539,839	253,051
91 to 120 days	—	39,256
121 to 365 days	291	2,594,866
Over 365 days	2,334,990	1,156,215
	2,875,120	4,043,388

14. DEFERRED TAX LIABILITIES

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

	Intangible assets <i>HK\$</i>
At 1 July 2006	–
Acquired on acquisition of subsidiaries	44,500,748
Credit to income statement (<i>Note 6</i>)	<u>(470,639)</u>
At 30 June 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	<u><u>38,810,384</u></u>

At the balance sheet date, the Group has estimated unused tax losses of approximately HK\$49,029,000 (2007: HK\$28,052,000) 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 HK\$7,964,000 (2007: HK\$7,062,000) that will expire within 5 years. Other estimated unused tax losses of HK\$41,065,000 (2007: HK\$20,990,000) may be carried forward indefinitely.

15. DIVIDEND

The Board does not recommend the payment of a final dividend for the year (2007: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF BUSINESS ACTIVITIES

The conclusion of the latest financial year has seen the Group further consolidate its position as a fully integrated solutions provider for the sports lottery market in China. During the financial year under review, the Group achieved a turnover of approximately HK\$45.0 million, representing an increase of approximately 103.8% over last year. Approximately 96.0% of such turnover was derived from the provision of sports lottery management and marketing consultancy services and the supply of sports lottery sales terminals (and accessories) in the PRC, two new lines of business that were first entered into by the Group in June 2007 and September 2007 respectively.

Looking to make further progress into the sports lottery market in China, we were able to secure several consultancy agreements in relation to the sale of sports lottery instant tickets (“Instants”). Specifically, we secured various management or marketing consultancy agreements including those with SLACs in the provinces of Anhui and Hunan, along with authorised sports lottery operators in the provinces of Jiangxi, Anhui, and Gansu. Now that the sale of Instants has been reintroduced into the sports lottery market in China since the second quarter of 2008, our customers seek to capitalise on this form of lottery which is believed to have an enormous growth potential. We anticipate that our consultancy related business in respect of Instants will become an important income source for the Group going forward.

Apart from Instants, our retail chain management and marketing consultancy services also achieved significant progress. Specifically, the Group has been appointed as the exclusive management consultant to advise on China Coop's initiative to launch lottery sales through its vast nationwide sales network in China. In addition to assisting China Coop to establish a lottery sales platform for both the PRC welfare and sports lotteries, the 10-year management consultancy agreement, which has a renewal option, also allows us to supply lottery sales terminals, related systems and facilities to China Coop's circa 400,000 sales outlets nationwide. The agreement represents a major milestone for the Group as it provides an opportunity for us to take a significant step into the welfare lottery sector on top of our well-established sports lottery activities.

With regard to our management consultancy services, we were able to secure agreements with customers authorised to establish and operate sports lottery sales venues in the provinces of Jiangxi, Hunan, Liaoning, Anhui and Gansu. Further, we secured a contract with a customer that is authorised to provide marketing strategy, and promotional and sales management services to SLACs in Hunan, Jiangxi and Chongqing.

Turning to our sports lottery terminals supply business, we also secured agreements with the SLACs of Hunan and Gansu provinces during the financial year under review.

As of 30 June 2008, our lottery related business encompassed the municipality of Chongqing and the provinces of Hunan, Jiangxi, Anhui, Liaoning, and Gansu (collectively referred to as the "Territories"). These six Territories together accounted for a total population of approximately 265 million, or over 20% of the total population of China, for 2006*.

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

PROSPECTS

With public excitement surrounding the 2008 Olympic Games now at fever pitch, the PRC government will continue to be highly motivated to support legal lotteries in an effort to thwart illegal gambling – before, during and following the global spectacle – setting an environment that is conducive to the Group's growth. Whilst we have made significant headway in terms of expanding our presence in the PRC over the past financial year, we are eager to intensify this growth momentum as the sports lottery sector will undoubtedly grow in parallel with the ongoing expansion of the country's economy.

Given our success in securing an exclusive management consultancy agreement in respect of China Coop, we will also be looking to build on this success with further and similarly extensive consultancy contracts. Already, we have been appointed as the marketing consultant to a customer which is authorised by the Jiangsu SLAC to sell Instants via the largest supermarket chain in the province, Suguo Supermarket Co., Ltd. We will continue this approach of leveraging highly matured retail chain networks as we firmly believe that this is the most rapid and effective means of developing lottery sales channels by our customers in China. We consider that Jiangsu is a very important territory to develop our business in as it was ranked first among all of the provinces in China in terms of total annual sports lottery sales for 2007**. Total annual sports lottery sales for 2007 for Jiangsu stood at approximately RMB4.3 billion (or approximately HK\$4.9 billion), representing approximately 11.3% of the total annual sports lottery sales for 2007 for the whole country.

Whilst seeking to rapidly penetrate the PRC sports lottery segment, it will also be paramount for the Group to continue building ties with key business partners. Hence, we will continue to examine fresh opportunities to cultivate business alliances as this will translate into the strengthening of our presence in China – essential for our growth and our ability to deliver fair returns to our Shareholders.

*** source: China Sports Daily (中國體育報) dated 2 January 2008*

REVIEW OF OPERATING RESULTS

Turnover and profitability

Turnover of the Group for the financial year under review amounted to approximately HK\$45.0 million, representing a surge of approximately 103.8% over last year. The increase in turnover of the Group during the financial year under review was mainly attributable to the contributions of its new sports lottery related business. Indeed, approximately 96.0% of the Group's turnover for the financial year under review was derived from the provision of its sports lottery management and marketing consultancy services and the supply of sports lottery sales terminals (and accessories) in the PRC, two new lines of business that were first entered into by the Group in June 2007 and September 2007 respectively. The revenue from these two new lines of business is based on fixed percentages of sports lottery turnover, and they yielded much higher margins than the enterprise solutions projects secured by the Group during the prior year. During the financial year under review, the gross profit percentage stood at approximately 63.9%, a substantial improvement over last year's gross profit percentage of approximately 33.7%.

The net loss of the Group attributable to equity holders of the Company for the financial year under review amounted to approximately HK\$128.5 million, whereas that of last year amounted to approximately HK\$60.5 million. The increase in the net loss of the Group was primarily attributable to (i) the share-based payment expense (totalling approximately HK\$86.3 million for the financial year under review) resulting from the adoption of Hong Kong Financial Reporting Standard 2 "Share-based Payment" for share options of the Company granted to Directors, employees of the Group and other eligible participants under the Share Option Scheme; (ii) the amortisation of other intangible assets (amounting to approximately HK\$39.8 million for the financial year under review) which arose from the Group's acquisitions of SYSTEK LTD and SHINING CHINA INC (both being wholly-owned subsidiaries of the Company) during the financial year ended 30 June 2007; and (iii) the increase in administrative expenses such as staff costs, leases, travelling expenses and marketing expenses as a result of the continuous expansion of the Group's business.

Capital resources and liquidity

Net cash and bank balances as at 30 June 2008 were approximately HK\$212.9 million. The total assets and net current assets of the Group as at 30 June 2008 were approximately HK\$1,152.1 million and approximately HK\$251.2 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 the exercising by grantees of the share options granted under the Share Option Scheme.

Capital commitments

	2008 HK\$	2007 HK\$
Contracted but not provided for:		
Acquisition of equipment	<u>6,578,514</u>	<u>—</u>

Charges on Group's assets

As at 30 June 2008, there was no charge on the assets of the Group.

Foreign exchange exposure

As at 30 June 2008, 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 2008, there were no material contingent liabilities of the Group.

Employees' information

As at 30 June 2008, the Group had 209 (2007: 75) employees in Hong Kong, Macao and the PRC. Total staff costs (excluding Directors' emoluments) for the year ended 30 June 2008 amounted to approximately HK\$13.5 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 2008 have been reviewed and commented on by the audit committee.

PROPOSED CHANGE OF AUDITORS

On 10 June 2008, the Board announced that Deloitte Touche Tohmatsu ("Deloitte") has resigned as auditors of the Group with effect from 6 June 2008. The Board has appointed HLB Hodgson Impey Cheng as the new auditors of the Group to fill the casual vacancy following the resignation of Deloitte, subject to and upon the approval of Shareholders at the forthcoming annual general meeting of the Company ("AGM").

A circular containing, among other things, details of the proposed change of auditors and a notice convening the AGM will be despatched to Shareholders shortly.

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 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\$1.133 to RMB1.00 has been used for reference only.

By order of the Board
AGTech Holdings Limited
Sun Ho
Chairman

Hong Kong, 23 September 2008

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 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.