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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 (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)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2008**

#### **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE**

**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

## HIGHLIGHTS

- Revenue for the Six-Month Period amounted to approximately HK\$34.8 million, representing an increase of approximately 51.4% over the corresponding period in 2007.
- Loss attributable to equity holders of the Company for the Six-Month Period amounted to approximately HK\$136.6 million, primarily due to (i) the share-based payment expense (totalling approximately HK\$101.2 million for the Six-Month Period) 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; (ii) the amortisation of other intangible assets (amounting to approximately HK\$19.6 million for the Six-Month Period); and (iii) the increase in cost of sales and services as well as administrative and marketing expenses as a result of the continuous expansion of the Group’s retail management and marketing consultancy businesses.
- The Board does not recommend the payment of an interim dividend for the Six-Month Period.

## INTERIM RESULTS

The board of directors (the “Board”) of AGTech Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months ended 31 December 2008 (the “Three-Month Period”) and the six months ended 31 December 2008 (the “Six-Month Period”) together with the comparative unaudited figures of the corresponding periods in 2007 as follows:

### CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)

*For the three and six months ended 31 December 2008*

|                                         |       | Three months ended<br>31 December |                            | Six months ended<br>31 December |                             |
|-----------------------------------------|-------|-----------------------------------|----------------------------|---------------------------------|-----------------------------|
|                                         |       | 2008                              | 2007                       | 2008                            | 2007                        |
|                                         | Notes | HK\$                              | HK\$                       | HK\$                            | HK\$                        |
| Revenue                                 | 2     | 19,382,711                        | 12,842,712                 | 34,796,090                      | 22,979,468                  |
| Cost of sales and services              |       | <u>(12,740,339)</u>               | <u>(2,030,381)</u>         | <u>(21,061,296)</u>             | <u>(4,710,075)</u>          |
| Gross profit                            |       | 6,642,372                         | 10,812,331                 | 13,734,794                      | 18,269,393                  |
| Other cost                              |       | (34,763)                          | (4,932)                    | (37,163)                        | (5,491)                     |
| Bank interest income                    | 4     | 780,505                           | 1,935,191                  | 1,360,981                       | 4,931,606                   |
| Selling and administrative expenses     |       | <u>(17,964,539)</u>               | <u>(9,419,905)</u>         | <u>(35,867,619)</u>             | <u>(16,960,135)</u>         |
| (Loss)/Profit from business operations  | 4     | (10,576,425)                      | 3,322,685                  | (20,809,007)                    | 6,235,373                   |
| Share-based payment expense             | 4     | (82,113,137)                      | (29,129,709)               | (101,152,487)                   | (58,299,650)                |
| Exchange gain                           |       | 63,735                            | –                          | 26,295                          | –                           |
| Amortisation of other intangible assets | 4     | <u>(9,716,138)</u>                | <u>(6,356,482)</u>         | <u>(19,581,987)</u>             | <u>(12,856,571)</u>         |
| Loss for the period before taxation     |       | (102,341,965)                     | (32,163,506)               | (141,517,186)                   | (64,920,848)                |
| Taxation                                | 5     | <u>2,426,207</u>                  | <u>1,430,700</u>           | <u>4,890,739</u>                | <u>1,934,357</u>            |
| Loss for the period after taxation      |       | <u><u>(99,915,758)</u></u>        | <u><u>(30,732,806)</u></u> | <u><u>(136,626,447)</u></u>     | <u><u>(62,986,491)</u></u>  |
| Attributable to:                        |       |                                   |                            |                                 |                             |
| Equity holders of the Company           |       | (99,368,765)                      | (30,432,739)               | (136,641,403)                   | (62,625,540)                |
| Minority interests                      |       | <u>(546,993)</u>                  | <u>(300,067)</u>           | <u>14,956</u>                   | <u>(360,951)</u>            |
|                                         |       | <u><u>(99,915,758)</u></u>        | <u><u>(30,732,806)</u></u> | <u><u>(136,626,447)</u></u>     | <u><u>(62,986,491)</u></u>  |
| <b>Loss per share</b>                   |       |                                   |                            |                                 |                             |
| Basic and diluted                       | 7     | <u><u>HK2.776 cents</u></u>       | <u><u>HK0.850 cent</u></u> | <u><u>HK3.817 cents</u></u>     | <u><u>HK1.750 cents</u></u> |

# CONDENSED CONSOLIDATED BALANCE SHEET

At 31 December 2008

|                                                      |       | As at<br>31 December<br>2008<br>(unaudited)<br>HK\$ | As at<br>30 June<br>2008<br>(audited)<br>HK\$ |
|------------------------------------------------------|-------|-----------------------------------------------------|-----------------------------------------------|
|                                                      | Notes |                                                     |                                               |
| Non-current assets                                   |       |                                                     |                                               |
| Property, plant and equipment                        |       | 27,535,928                                          | 17,544,830                                    |
| Goodwill                                             |       | 662,957,184                                         | 664,123,438                                   |
| Other intangible assets                              |       | 140,850,399                                         | 158,859,834                                   |
| Deposits and prepayments                             |       | 59,061,438                                          | 54,738,384                                    |
|                                                      |       | <u>890,404,949</u>                                  | <u>895,266,486</u>                            |
| Current assets                                       |       |                                                     |                                               |
| Inventories                                          |       | 168,578                                             | 247,714                                       |
| Trade receivables                                    | 8     | 11,516,781                                          | 11,423,291                                    |
| Amounts due from customers for contract work         |       | 2,568,135                                           | 2,568,135                                     |
| Other receivables, deposits and prepayments          |       | 24,602,348                                          | 29,196,116                                    |
| Current tax recoverable                              |       | –                                                   | 410,039                                       |
| Pledged bank deposits                                |       | 697,465                                             | 1,287,182                                     |
| Bank balances and cash                               |       | 181,500,494                                         | 211,656,479                                   |
|                                                      |       | <u>221,053,801</u>                                  | <u>256,788,956</u>                            |
| Current liabilities                                  |       |                                                     |                                               |
| Trade payables                                       | 9     | 1,613,355                                           | 2,875,120                                     |
| Other payables, accruals and deposits received       |       | 5,408,900                                           | 2,736,277                                     |
|                                                      |       | <u>7,022,255</u>                                    | <u>5,611,397</u>                              |
| Net current assets                                   |       | <u>214,031,546</u>                                  | <u>251,177,559</u>                            |
| Total assets less current liabilities                |       | <u>1,104,436,495</u>                                | <u>1,146,444,045</u>                          |
| Capital and reserves                                 |       |                                                     |                                               |
| Share capital                                        | 10    | 7,160,170                                           | 7,160,170                                     |
| Reserves                                             | 10    | 1,059,967,341                                       | 1,096,350,958                                 |
| Equity attributable to equity holders of the Company |       | 1,067,127,511                                       | 1,103,511,128                                 |
| Minority interests                                   |       | 3,479,753                                           | 4,122,533                                     |
| Total equity                                         |       | 1,070,607,264                                       | 1,107,633,661                                 |
| Non-current liabilities                              |       |                                                     |                                               |
| Deferred tax liabilities                             |       | 33,829,231                                          | 38,810,384                                    |
|                                                      |       | <u>1,104,436,495</u>                                | <u>1,146,444,045</u>                          |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the Six-Month Period

|                                                                                                 | Attributable to equity holders of the Company |                      |                      | Minority         |                      |
|-------------------------------------------------------------------------------------------------|-----------------------------------------------|----------------------|----------------------|------------------|----------------------|
|                                                                                                 | Share capital                                 | Reserves             | Accumulated losses   | interests        | Total                |
| Balance as at 1 July 2008                                                                       | 7,160,170                                     | 1,253,820,422        | (157,469,464)        | 4,122,533        | 1,107,633,661        |
| Exchange differences arising on translation of foreign operations recognised directly in equity | –                                             | (894,701)            | –                    | (657,736)        | (1,552,437)          |
| Recognitions of equity-settled share-based payments                                             | –                                             | 101,152,487          | –                    | –                | 101,152,487          |
| Loss for the period                                                                             | –                                             | –                    | (136,641,403)        | 14,956           | (136,626,447)        |
| Balance as at 31 December 2008                                                                  | <u>7,160,170</u>                              | <u>1,354,078,208</u> | <u>(294,110,867)</u> | <u>3,479,753</u> | <u>1,070,607,264</u> |

# CONDENSED CONSOLIDATED CASHFLOW (UNAUDITED)

For the Six-Month Period

|                                                      | Six months ended<br>31 December |                    |
|------------------------------------------------------|---------------------------------|--------------------|
|                                                      | 2008                            | 2007               |
|                                                      | HK\$                            | HK\$               |
| Net cash used in operating activities                | (17,573,695)                    | (15,576,660)       |
| Net cash used in investing activities                | (12,618,072)                    | (15,221,169)       |
| Net cash from financing activities                   | –                               | –                  |
| Net decrease in cash and cash equivalents            | (30,191,767)                    | (30,797,829)       |
| Cash and cash equivalents at beginning of the period | 211,656,479                     | 313,144,927        |
| Effect of foreign exchange rate changes              | 35,782                          | 427,395            |
| Cash and cash equivalents at end of the period       | <u>181,500,494</u>              | <u>282,774,493</u> |
| Analysis of balances of cash and cash equivalents    |                                 |                    |
| Bank balances and cash                               | <u>181,500,494</u>              | <u>282,774,493</u> |

*Notes:*

**(1) Basis of preparation of the accounts**

The unaudited condensed consolidated accounts have been prepared in accordance with the requirements of the GEM Listing Rules, accounting principles generally accepted in the Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong") which include Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The condensed consolidated accounts have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations.

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

|                                   |                                                                                            |
|-----------------------------------|--------------------------------------------------------------------------------------------|
| HKFRSs (Amendments)               | Improvements to HKFRSs <sup>1</sup>                                                        |
| HKAS 1 (Revised)                  | Presentation of Financial Statements <sup>2</sup>                                          |
| HKAS 23 (Revised)                 | Borrowing Costs <sup>2</sup>                                                               |
| HKAS 27 (Revised)                 | Consolidated and Separate Financial Statements <sup>3</sup>                                |
| HKAS 32 & 1 (Amendments)          | Puttable Financial Instruments and Obligations Arising on Liquidation <sup>2</sup>         |
| HKAS 39 (Amendment)               | Eligible hedged items <sup>3</sup>                                                         |
| HKFRS 1 & HKAS 27<br>(Amendments) | Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate <sup>2</sup> |
| HKFRS 2 (Amendment)               | Vesting Conditions and Cancellations <sup>2</sup>                                          |
| HKFRS 3 (Revised)                 | Business Combinations <sup>3</sup>                                                         |
| HKFRS 8                           | Operation segments <sup>2</sup>                                                            |
| HK(IFRIC) – INT 15                | Agreements for the Construction of Real Estate <sup>2</sup>                                |
| HK(IFRIC) – INT 16                | Hedges of a Net Investment in a Foreign Operation <sup>4</sup>                             |
| HK(IFRIC) – INT 17                | Distribution of Non-cash Assets to Owners <sup>3</sup>                                     |

*Notes:*

<sup>1</sup> 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

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2009

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2009

<sup>4</sup> Effective for annual periods beginning on or after 1 October 2008

The Group is in the progress of making an assessment of what impact of these new standards, amendments and interpretations will be on its results of operations and financial position.

**(2) 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 lottery advisory service, enterprise solutions of digital image processing system and surveillance system, sales of computer software products and related maintenance services to outside customers in the People's Republic of China ("PRC") and the Macao Special Administrative Region of the PRC ("Macao") during the periods, and is analysed as follows:

|                                                                                                                                                                                                                                                                                                                                  | <b>Three months ended</b> |                   | <b>Six months ended</b>  |                   |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|-------------------|--------------------------|-------------------|
|                                                                                                                                                                                                                                                                                                                                  | <b>31 December</b>        |                   | <b>31 December</b>       |                   |
|                                                                                                                                                                                                                                                                                                                                  | <b>2008</b>               | 2007              | <b>2008</b>              | 2007              |
|                                                                                                                                                                                                                                                                                                                                  | <b>(unaudited)</b>        | (unaudited)       | <b>(unaudited)</b>       | (unaudited)       |
|                                                                                                                                                                                                                                                                                                                                  | <b>HK\$</b>               | HK\$              | <b>HK\$</b>              | HK\$              |
| Revenue in respect of provision of management and marketing consultancy services to the sports lottery administration centres ("SLACs") and the 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 | <b>17,789,185</b>         | 12,494,687        | <b>32,321,400</b>        | 22,397,294        |
| Revenue in respect of provision of lottery advisory service                                                                                                                                                                                                                                                                      | –                         | –                 | <b>111,926</b>           | –                 |
| 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                                                                                                                                      | <b>1,593,526</b>          | 348,025           | <b>2,362,764</b>         | 582,174           |
|                                                                                                                                                                                                                                                                                                                                  | <b><u>19,382,711</u></b>  | <u>12,842,712</u> | <b><u>34,796,090</u></b> | <u>22,979,468</u> |

### (3) 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 the 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 and surveillance system, sales of computer software products and related maintenance services (“Enterprise solutions”).

Segment information about these businesses is presented below:

#### *Business segments*

|                                  | Six months ended<br>31 December<br>2008<br>(unaudited)<br>HK\$ | 2007<br>(unaudited)<br>HK\$ |
|----------------------------------|----------------------------------------------------------------|-----------------------------|
| Revenue                          |                                                                |                             |
| Consultancy services             | 32,321,400                                                     | 22,397,294                  |
| Information technology solutions | 111,926                                                        | –                           |
| Enterprise solutions             | 2,362,764                                                      | 582,174                     |
|                                  | <u>34,796,090</u>                                              | <u>22,979,468</u>           |
| Segment results                  |                                                                |                             |
| Consultancy services             | (26,594,679)                                                   | 15,119,924                  |
| Information technology solutions | (1,681,454)                                                    | (2,567,314)                 |
| Enterprise solutions             | 673,285                                                        | (533,768)                   |
| Unallocated corporate income     | 1,360,981                                                      | 5,106,556                   |
| Unallocated corporate expenses   | (115,275,319)                                                  | (82,046,246)                |
| Operating loss before taxation   | (141,517,186)                                                  | (64,920,848)                |
| Taxation                         | 4,890,739                                                      | 1,934,357                   |
| Loss for the period              | <u>(136,626,447)</u>                                           | <u>(62,986,491)</u>         |
| Segment assets                   |                                                                |                             |
| Consultancy services             | 313,146,055                                                    | 119,544,211                 |
| Information technology solutions | 15,626,737                                                     | 13,403,082                  |
| Enterprise solutions             | 5,606,867                                                      | 8,223,229                   |
| Goodwill                         | 662,957,184                                                    | 597,048,040                 |
| Unallocated assets               | 114,121,907                                                    | 370,367,252                 |
| Total assets                     | <u>1,111,458,750</u>                                           | <u>1,108,585,814</u>        |
| Segment liabilities              |                                                                |                             |
| Consultancy services             | 3,578,570                                                      | 372,265                     |
| Information technology solutions | 265,921                                                        | 529,318                     |
| Enterprise solutions             | 2,240,171                                                      | 4,325,289                   |
| Unallocated liabilities          | 34,766,824                                                     | 44,448,585                  |
| Total liabilities                | <u>40,851,486</u>                                              | <u>49,675,457</u>           |

The Group's operations, by the geographical location of its customers, are located in Macao and the PRC. The Group's consultancy services and information technology solutions are carried out in the PRC. The Group's enterprise solutions are carried out in Macao and the PRC.

Segment information about these geographical locations is presented below:

*Geographical segments*

|                                | <b>Six months ended</b>     |                             |
|--------------------------------|-----------------------------|-----------------------------|
|                                | <b>31 December</b>          |                             |
|                                | <b>2008</b>                 | <b>2007</b>                 |
|                                | <b>(unaudited)</b>          | <b>(unaudited)</b>          |
|                                | <b>HK\$</b>                 | <b>HK\$</b>                 |
| Revenue                        |                             |                             |
| PRC                            | <b>34,796,090</b>           | 22,751,938                  |
| Macao                          | <u>—</u>                    | <u>227,530</u>              |
|                                | <b><u>34,796,090</u></b>    | <b><u>22,979,468</u></b>    |
| Segment results                |                             |                             |
| PRC                            | <b>(26,942,075)</b>         | (168,670)                   |
| Macao                          | <b>(172,749)</b>            | (355,672)                   |
| Unallocated costs              | <u><b>(114,402,362)</b></u> | <u>(64,396,506)</u>         |
| Operating loss before taxation | <b>(141,517,186)</b>        | (64,920,848)                |
| Taxation                       | <u><b>4,890,739</b></u>     | <u>1,934,357</u>            |
| Loss for the period            | <b><u>(136,626,447)</u></b> | <b><u>(62,986,491)</u></b>  |
| Segment assets                 |                             |                             |
| PRC                            | <b>330,483,976</b>          | 302,407,660                 |
| Macao                          | <b>3,895,684</b>            | 7,505,432                   |
| Goodwill                       | <b>662,957,184</b>          | 597,048,040                 |
| Unallocated assets             | <u><b>114,121,906</b></u>   | <u>201,624,682</u>          |
| Total assets                   | <b><u>1,111,458,750</u></b> | <b><u>1,108,585,814</u></b> |
| Segment liabilities            |                             |                             |
| PRC                            | <b>4,196,597</b>            | 1,162,358                   |
| Macao                          | <b>1,888,065</b>            | 4,064,514                   |
| Unallocated liabilities        | <u><b>34,766,824</b></u>    | <u>44,448,585</u>           |
| Total liabilities              | <b><u>40,851,486</u></b>    | <b><u>49,675,457</u></b>    |

**(4) Loss from operations**

Loss for the periods have been arrived at after charging (crediting):

|                                                       | <b>Three months ended</b> |             | <b>Six months ended</b> |             |
|-------------------------------------------------------|---------------------------|-------------|-------------------------|-------------|
|                                                       | <b>31 December</b>        |             | <b>31 December</b>      |             |
|                                                       | <b>2008</b>               | 2007        | <b>2008</b>             | 2007        |
|                                                       | <b>(unaudited)</b>        | (unaudited) | <b>(unaudited)</b>      | (unaudited) |
|                                                       | <b>HK\$</b>               | HK\$        | <b>HK\$</b>             | HK\$        |
| Share-based payment expense                           | <b>82,113,137</b>         | 29,129,709  | <b>101,152,487</b>      | 58,299,650  |
| Amortisation of other intangible assets*              | <b>9,716,138</b>          | 6,356,482   | <b>19,581,987</b>       | 12,856,571  |
| Staff cost (including Directors' remunerations)       | <b>8,312,825</b>          | 4,938,788   | <b>18,081,381</b>       | 8,896,553   |
| Operating lease rentals in respect of rented premises | <b>1,449,648</b>          | 217,323     | <b>2,734,135</b>        | 417,897     |
| Depreciation of property, plant and equipment         | <b>1,974,860</b>          | 508,743     | <b>3,371,650</b>        | 982,759     |
| Cost of inventories recognised as an expense          | <b>–</b>                  | 21,615      | <b>130</b>              | 151,306     |
| Bank interest income                                  | <b>(780,505)</b>          | (1,935,191) | <b>(1,360,981)</b>      | (4,931,606) |

\* *The amortisation of other intangible assets 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.*

**(5) Taxation**

Taxation for the Six-Month Period represents deferred taxation for the period.

**(6) Dividend**

The Board does not recommend the payment of an interim dividend for the Six-Month Period (2007: Nil).

**(7) Loss per share**

The calculation of the basic/diluted loss per share for the Three-Month Period and the Six-Month Period is based on the unaudited net loss attributable to equity holders of the Company of HK\$99,368,765 and HK\$136,641,403 respectively (three months and six months ended 31 December 2007: net loss of HK\$30,432,739 and HK\$62,625,540 respectively), and the weighted average number of 3,580,085,000 ordinary shares in issue during the Three-Month Period and the Six-Month Period (three months and six months ended 31 December 2007: 3,578,835,000 ordinary shares in issue).

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

**(8) Trade receivables**

At 31 December 2008, the aged analysis of the Group's trade receivables is as follows:

|                 | <b>31 December<br/>2008<br/>(unaudited)<br/>HK\$</b> | <b>30 June<br/>2008<br/>(audited)<br/>HK\$</b> |
|-----------------|------------------------------------------------------|------------------------------------------------|
| 0 to 30 days    | <b>10,532,266</b>                                    | 10,899,713                                     |
| 31 to 60 days   | <b>902,698</b>                                       | 495,755                                        |
| 61 to 90 days   | –                                                    | 27,823                                         |
| 121 to 365 days | <b>81,817</b>                                        | –                                              |
|                 | <b>11,516,781</b>                                    | <b>11,423,291</b>                              |

**(9) Trade payables**

At 31 December 2008, the aged analysis of the Group's trade payables is as follows:

|                 | <b>31 December<br/>2008<br/>(unaudited)<br/>HK\$</b> | <b>30 June<br/>2008<br/>(audited)<br/>HK\$</b> |
|-----------------|------------------------------------------------------|------------------------------------------------|
| 0 to 30 days    | –                                                    | 539,839                                        |
| 91 to 120 days  | <b>286</b>                                           | –                                              |
| 121 to 365 days | –                                                    | 291                                            |
| Over 365 days   | <b>1,613,069</b>                                     | 2,334,990                                      |
|                 | <b>1,613,355</b>                                     | <b>2,875,120</b>                               |

# (10) Share capital and reserves

|                                                                                                 | Attributable to equity holders of the Company |                    |                       |                   |                   |                     |                      | Total                | Minority interests | Total                |
|-------------------------------------------------------------------------------------------------|-----------------------------------------------|--------------------|-----------------------|-------------------|-------------------|---------------------|----------------------|----------------------|--------------------|----------------------|
|                                                                                                 | Share capital                                 | Share premium      | Share options reserve | Statutory reserve | Exchange reserve  | Contributed surplus | Accumulated losses   |                      |                    |                      |
|                                                                                                 | HK\$                                          | HK\$               | HK\$                  | HK\$              | HK\$              | HK\$                | HK\$                 | HK\$                 | HK\$               | HK\$                 |
| At 1 July 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 | -                                             | -                  | -                     | -                 | (894,701)         | -                   | -                    | (894,701)            | (657,736)          | (1,552,437)          |
| Recognitions of equity-settled share-based payments                                             | -                                             | -                  | 101,152,487           | -                 | -                 | -                   | -                    | 101,152,487          | -                  | 101,152,487          |
| Loss for the period                                                                             | -                                             | -                  | -                     | -                 | -                 | -                   | (136,641,403)        | (136,641,403)        | 14,956             | (136,626,447)        |
| At 31 December 2008                                                                             | <u>7,160,170</u>                              | <u>998,518,599</u> | <u>207,346,559</u>    | <u>310,757</u>    | <u>89,602,418</u> | <u>58,299,875</u>   | <u>(294,110,867)</u> | <u>1,067,127,511</u> | <u>3,479,753</u>   | <u>1,070,607,264</u> |
| 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 | -                                             | -                  | -                     | -                 | 3,302,970         | -                   | -                    | 3,302,970            | -                  | 3,302,970            |
| Recognitions of equity-settled share-based payments                                             | -                                             | -                  | 58,299,650            | -                 | -                 | -                   | -                    | 58,299,650           | -                  | 58,299,650           |
| Loss for the period                                                                             | -                                             | -                  | -                     | -                 | -                 | -                   | (62,625,540)         | (62,625,540)         | (360,951)          | (62,986,491)         |
| At 31 December 2007                                                                             | <u>7,157,670</u>                              | <u>998,107,099</u> | <u>101,628,770</u>    | <u>292,038</u>    | <u>3,473,002</u>  | <u>58,299,875</u>   | <u>(114,787,232)</u> | <u>1,054,171,222</u> | <u>4,739,135</u>   | <u>1,058,910,357</u> |

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business review

During the Three-Month Period, the Group continued to focus on its sports lottery businesses in the PRC and the majority of the Group's revenue was derived from its sports lottery management and marketing consultancy services as well as its supply of sports lottery sales terminals (and accessories). In particular, management consultancy services provided by the Group in relation to the sales of sports lottery computer ticket games in the municipality of Chongqing and the provinces of Hunan and Jiangxi in the PRC, together with the Group's management and marketing consultancy services in relation to the sales of sports lottery instant tickets in Anhui province of the PRC, achieved satisfactory performance during the Three-Month Period.

Continuous efforts were also geared towards assisting our customers to set up more sales venues through the retail chain outlets of Suguo Supermarket Co., Ltd in Jiangsu province and to open more lottery shops in Liaoning province during the Three-Month Period.

The popular demand for sports lottery instant tickets since their re-introduction into the PRC sports lottery market in the second quarter of 2008 also strengthened the earnings base of the Group's management and marketing consultancy services in respect of the PRC sports lottery instant tickets. With only about 9 months of sales in 2008 in the PRC sports lottery market, the sports lottery instant tickets already recorded overwhelming total sales of approximately RMB10.3 billion (or approximately HK\$11.7 billion), representing about 22.5% of the total annual sports lottery sales in the PRC in 2008\*.

\* source: China Sports Daily (中國體育報) dated 1 January 2009

### Capital resources and liquidity

Net cash and bank balances including pledged deposits at 31 December 2008 were approximately HK\$182.2 million. The total assets of the Group as at 31 December 2008 were approximately HK\$1,111.5 million. There was no charge on the Group's assets as at 31 December 2008.

During the Six-Month Period, the Group maintained a debt-free capital structure. The Group financed its operations primarily with internally generated cashflows.

### Foreign exchange exposure

As at 31 December 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 period.

## Employees' information

As at 31 December 2008, the Group had 237 employees (31 December 2007: 82) in Hong Kong, Macao and the PRC. Total staff costs (excluding Directors' remunerations) for the Six-Month Period amounted to approximately HK\$13.8 million.

The Group's remuneration policies are formulated on the basis of performance and experience of individual employees and are in line with the 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, medical benefits and training.

## Business outlook

As part of our continuous role as the exclusive management consultant to advise中華全國供銷合作總社 (All-China Federation of Supply and Marketing Cooperatives) ("China Coop") on its initiative to sell lotteries through its extensive network of sales outlets nationwide in the PRC, the Group was engaged in January 2009 to provide marketing consultancy services to China Coop's affiliated entity, 新合作商貿連鎖集團有限公司 (New Cooperation Joint-Stock Trade Chain Co., Ltd) ("NCS"), in respect of the sales by NCS of sports lottery instant tickets through its retail chain outlets in Henan province of the PRC.

We consider that Henan is a very important territory to develop our business in as it was ranked fifth among all the municipalities and provinces in the PRC in terms of total annual sports lottery sales for 2008\*. According to China Sports Daily (中國體育報) dated 1 January 2009, the top five territories in terms of total annual sports lottery sales for 2008 in the PRC are Jiangsu province (approximately RMB5.0 billion), Zhejiang province (approximately RMB4.0 billion), Guangdong province (approximately RMB3.9 billion), Fujian province (approximately RMB3.0 billion) and Henan province (approximately RMB2.4 billion). Currently, the footprints of the Group's lottery business cover the provinces of Jiangsu, Henan, Liaoning, Hunan, Jiangxi, Anhui and Gansu, and the municipality of Chongqing in the PRC (collectively referred to as the "Territories"). The population of these eight Territories together amounted to approximately 435.6 million for 2007, representing approximately 33.0% of the total population in the PRC\*\*. We are proud to have our footprints in two of the top 5 territories for sports lottery sales in 2008, namely, Jiangsu and Henan provinces.

The prospects of the PRC sports lottery sector remain promising in light of the efforts of the Chinese government to thwart illegal gambling and the growth momentum of the sector which, in part, is attributable to the popular demand for the sports lottery instant tickets. Indeed, total annual sports lottery sales in the PRC reached a record high of approximately RMB45.6 billion (or approximately HK\$51.7 billion) for 2008, representing a year-on-year surge of approximately 18.4% and raising about RMB13.7 billion (or approximately HK\$15.5 billion) of charity funds\*.

The Group will continue to explore opportunities in different PRC sports lottery arenas including, but not limited to, the provision of sports lottery retail chain management and marketing consultancy services, the introduction of new lottery games and related systems to the sports lottery sector, as well as exploring more strategic business alliances with the aim of consolidating its leadership as a fully integrated solutions provider for the sports lottery market in the PRC.

\* source: China Sports Daily (中國體育報) dated 1 January 2009

\*\* source: Bloomberg

## Financial performance review

For the Three-Month Period, the revenue of the Group amounted to approximately HK\$19.4 million, representing an increase of approximately 50.9% over the corresponding period in 2007. Revenue of the Group for the Six-Month Period amounted to approximately HK\$34.8 million, representing a surge of approximately 51.4% over the corresponding period in 2007. The increase in revenue of the Group during the Three-Month Period and the Six-Month Period was mainly attributable to the contributions of its sports lottery management and marketing 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 instant tickets market during the periods under review. As the income of the Group derived from its sports lottery management and marketing consultancy services in respect of the sports lottery instant tickets is based on fixed percentages of the actual sales of such tickets, the overwhelming response of such tickets in 2008 became a revenue driver for the Group. Approximately 92.9% of the Group's revenue for the Six-Month Period was derived from the provision of sports lottery management and marketing consultancy services and supply of sports lottery sales terminals (and accessories). For the Six-Month Period, the gross profit percentage stood at approximately 39.5%, whereas the gross profit percentage of the corresponding period in 2007 was approximately 79.5%. The decrease in the gross profit percentage was due to the fact that higher costs of services were incurred by the Group for the Six-Month Period 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 new sports lottery instant tickets market.

The net loss of the Group attributable to equity holders of the Company for the Three-Month Period amounted to approximately HK\$99.4 million, whereas the net loss of the Group for the corresponding period during 2007 amounted to approximately HK\$30.4 million. The net loss of the Group attributable to equity holders of the Company for the Six-Month Period amounted to approximately HK\$136.6 million, whereas the net loss of the Group for the corresponding period during 2007 amounted to approximately HK\$62.6 million. The aforesaid increase in the net loss of the Group was primarily attributable to (i) the share-based payment expense (totalling approximately HK\$101.2 million for the Six-Month Period) 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 of the Company. Higher share-based payment expense was charged during the Three-Month Period as the Company reduced and cancelled the number of shares of the Company entitled under share options previously granted to Directors, employees of the Group and other eligible participants under the share option scheme of the Company; (ii) the amortisation of other intangible assets (amounting to approximately HK\$19.6 million for the Six-Month Period); and (iii) the increase in cost of sales and services as well as administrative and marketing expenses as a result of the continuous expansion of the Group's retail management and marketing consultancy businesses.

# **DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES OF HK\$0.002 EACH IN THE CAPITAL OF THE COMPANY ("SHARES"), UNDERLYING SHARES AND DEBENTURES**

As at 31 December 2008, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange, were as follows:

## **a. Interests in ordinary Shares:**

| Name of Director         | Number of Shares  |                           |               | Approximate percentage held |
|--------------------------|-------------------|---------------------------|---------------|-----------------------------|
|                          | Personal interest | Corporate interest        | Total         |                             |
| Mr. Sun Ho               | 27,078,000        | 2,006,250,000<br>(Note 1) | 2,033,328,000 | 56.80%                      |
| Mr. Bai Jinmin           | –                 | 237,580,000<br>(Note 2)   | 237,580,000   | 6.64%                       |
| Ms. Yang Yang            | 400,000           | –                         | 400,000       | 0.01%                       |
| Mr. Wang Ronghua         | 2,275,000         | –                         | 2,275,000     | 0.06%                       |
| Mr. Hua Fengmao          | 1,355,000         | –                         | 1,355,000     | 0.04%                       |
| Mr. Kwok Wing Leung Andy | 1,515,000         | –                         | 1,515,000     | 0.04%                       |

### *Notes:*

- These 2,006,250,000 Shares were held in the name of MAXPROFIT GLOBAL INC. As MAXPROFIT GLOBAL INC is beneficially and wholly-owned by Mr. Sun Ho, an executive Director and chairman of the Company, Mr. Sun was deemed to be interested in such Shares.
- These 237,580,000 Shares were held in the name of Fine Bridge International Limited. Fine Bridge International Limited is beneficially and wholly-owned by HB Resources Investment Limited, which in turn is beneficially and wholly-owned by Mr. Bai Jinmin, an executive Director. Accordingly, HB Resources Investment Limited and Mr. Bai were deemed to be interested in such Shares.

**b. Long position in the underlying Shares in respect of the share options of the Company (which were regarded as unlisted physically settled equity derivatives):**

| Name of Director         | Date of grant | Exercise price per Share (HK\$) | Exercisable period (Note) | As at 1 July 2008 | Number of underlying Shares entitled (in respect of share options of the Company) |                                       |                                       | As at 31 December 2008                                                                   |
|--------------------------|---------------|---------------------------------|---------------------------|-------------------|-----------------------------------------------------------------------------------|---------------------------------------|---------------------------------------|------------------------------------------------------------------------------------------|
|                          |               |                                 |                           |                   | Granted during the Six-Month Period                                               | Exercised during the Six-Month Period | Cancelled during the Six-Month Period |                                                                                          |
| Mr. Robert Geoffrey Ryan | 22-3-2007     | 1.40                            | 22-3-2008 – 21-3-2012     | 26,750,000        | –                                                                                 | –                                     | (26,750,000)                          | –                                                                                        |
|                          | 9-10-2008     | 0.2198                          | 9-10-2009 – 8-10-2013     | –                 | 13,375,000                                                                        | –                                     | –                                     | 13,375,000 (representing approximately 0.37% of the issued share capital of the Company) |
| Mr. Bai Jinmin           | 15-6-2007     | 1.77                            | 15-6-2008 – 14-6-2012     | 26,750,000        | –                                                                                 | –                                     | (26,750,000)                          | –                                                                                        |
|                          | 9-10-2008     | 0.2198                          | 9-10-2009 – 8-10-2013     | –                 | 13,375,000                                                                        | –                                     | –                                     | 13,375,000 (representing approximately 0.37% of the issued share capital of the Company) |
| Mr. Liang Yu             | 11-7-2008     | 0.754                           | 11-7-2009 – 10-7-2013     | –                 | 26,750,000                                                                        | –                                     | (26,750,000)                          | –                                                                                        |
|                          | 9-10-2008     | 0.2198                          | 9-10-2009 – 8-10-2013     | –                 | 13,375,000                                                                        | –                                     | –                                     | 13,375,000 (representing approximately 0.37% of the issued share capital of the Company) |
| Ms. Yang Yang            | 11-7-2008     | 0.754                           | 11-7-2009 – 10-7-2013     | –                 | 2,675,000                                                                         | –                                     | (2,675,000)                           | –                                                                                        |
|                          | 9-10-2008     | 0.2198                          | 9-10-2009 – 8-10-2013     | –                 | 1,337,500                                                                         | –                                     | –                                     | 1,337,500 (representing approximately 0.037% of the issued share capital of the Company) |

*Note:* A portion of the option representing 25% of the total underlying Shares entitled under such option shall be vested in the grantee of the option in each of the 4 years during the exercisable period. If the grantee does not exercise such portion of the option within one year after it has been vested in him/her, such portion of the option will lapse.

Save as disclosed above, as at 31 December 2008, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares (in respect of share options of the Company which were regarded as unlisted physically settled equity derivatives) and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange.

## **SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES**

As at 31 December 2008, so far as was known to the Directors or chief executive of the Company, the following persons (not being Directors or chief executives of the Company) had, or were deemed to have, interests and long positions in the Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or, were expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital and recorded in the register kept by the Company pursuant to section 336 of the SFO:

### **Interests in the Shares:**

| <b>Name of Shareholder</b>      | <b>Capacity</b>                                       | <b>Number of Shares held</b> | <b>Approximate percentage of issued share capital of the Company</b> |
|---------------------------------|-------------------------------------------------------|------------------------------|----------------------------------------------------------------------|
| MAXPROFIT GLOBAL INC            | Beneficial owner ( <i>Note 1</i> )                    | 2,006,250,000                | 56.04%                                                               |
| HB Resources Investment Limited | Interests in controlled corporation ( <i>Note 2</i> ) | 237,580,000                  | 6.64%                                                                |

#### *Notes:*

1. As disclosed above, Mr. Sun Ho was deemed to be interested in those 2,006,250,000 Shares by virtue of his interest in MAXPROFIT GLOBAL INC.
2. As disclosed above, Mr. Bai Jinmin was deemed to be interested in those 237,580,000 Shares by virtue of his interest in HB Resources Investment Limited.

Save as disclosed above, as at 31 December 2008, the Directors or chief executive of the Company were not aware of any other substantial shareholder of the Company (not being a Director or chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares, underlying Shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who was expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital and recorded in the register kept by the Company pursuant to section 336 of the SFO.

## **INTERESTS OF OTHER PERSONS**

As at 31 December 2008, apart from the interests in the Shares, underlying Shares and debentures of the Company and its associated corporations held by the Directors, chief executive and substantial shareholders of the Company stated above, there were no other persons with interests recorded in the register of the Company required to be kept under section 336 of the SFO.

## **MANAGEMENT SHAREHOLDERS**

So far as the Directors are aware, other than Mr. Sun Ho and Mr. Bai Jinmin as disclosed above, there was no other person during the Six-Month Period who was directly or indirectly interested in 5% or more of the Shares then in issue and who was able, as a practical matter, to direct or influence the management of the Company.

## **INTERESTS IN COMPETING BUSINESS**

During the period under review, none of the Directors or the controlling shareholder of the Company had an interest in a business, which competes or may compete with the business of the Group.

## **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 unaudited consolidated interim results of the Group for the Six-Month Period have been reviewed and commented on by the audit committee.

## **CORPORATE GOVERNANCE**

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 of the Company. During the period under review, 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 Six-Month Period. 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 period 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.

## **REQUIRED STANDARD OF DEALINGS REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the required standard of dealings regarding securities transactions by Directors set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its code of conduct for dealings in securities of the Company by the Directors (the “Code of Conduct”). Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings set out in the Code of Conduct during the Six-Month Period.

## **SHARE OPTION SCHEME**

During the Six-Month Period, there were options for 264,825,000 ordinary Shares granted by the Company pursuant to its share option scheme. During the Six-Month Period, no options were exercised and, as at 31 December 2008, options for 188,650,000 Shares remained outstanding. Options for 379,400,000 Shares were cancelled or lapsed during the Six-Month Period.

The following table discloses details and movements of the Company's share options held by the Directors, the eligible employees and eligible participants of the Group under the share option scheme of the Company during the Six-Month Period:

| Name                     | Date of grant              | Exercise price<br>per share<br>(HK\$) | Exercisable period              | Outstanding at<br>1 July 2008 | Granted<br>during the<br>period | Exercised<br>during the<br>period | Cancelled/<br>lapsed<br>during<br>the period | Outstanding at<br>31 December<br>2008 |
|--------------------------|----------------------------|---------------------------------------|---------------------------------|-------------------------------|---------------------------------|-----------------------------------|----------------------------------------------|---------------------------------------|
| <b>Directors:</b>        |                            |                                       |                                 |                               |                                 |                                   |                                              |                                       |
| Mr. Robert Geoffrey Ryan | 22 March 2007              | 1.40                                  | 22 March 2008 – 21 March 2009   | 6,687,500                     | –                               | –                                 | (6,687,500)                                  | –                                     |
|                          |                            |                                       | 22 March 2009 – 21 March 2010   | 6,687,500                     | –                               | –                                 | (6,687,500)                                  | –                                     |
|                          |                            |                                       | 22 March 2010 – 21 March 2011   | 6,687,500                     | –                               | –                                 | (6,687,500)                                  | –                                     |
|                          |                            |                                       | 22 March 2011 – 21 March 2012   | 6,687,500                     | –                               | –                                 | (6,687,500)                                  | –                                     |
|                          | 9 October 2008<br>(Note 3) | 0.2198                                | 9 October 2009 – 8 October 2010 | –                             | 3,343,750                       | –                                 | –                                            | 3,343,750                             |
|                          |                            |                                       | 9 October 2010 – 8 October 2011 | –                             | 3,343,750                       | –                                 | –                                            | 3,343,750                             |
|                          |                            |                                       | 9 October 2011 – 8 October 2012 | –                             | 3,343,750                       | –                                 | –                                            | 3,343,750                             |
|                          |                            |                                       | 9 October 2012 – 8 October 2013 | –                             | 3,343,750                       | –                                 | –                                            | 3,343,750                             |
| Mr. Bai Jinmin           | 15 June 2007               | 1.77                                  | 15 June 2008 – 14 June 2009     | 6,687,500                     | –                               | –                                 | (6,687,500)                                  | –                                     |
|                          |                            |                                       | 15 June 2009 – 14 June 2010     | 6,687,500                     | –                               | –                                 | (6,687,500)                                  | –                                     |
|                          |                            |                                       | 15 June 2010 – 14 June 2011     | 6,687,500                     | –                               | –                                 | (6,687,500)                                  | –                                     |
|                          |                            |                                       | 15 June 2011 – 14 June 2012     | 6,687,500                     | –                               | –                                 | (6,687,500)                                  | –                                     |
|                          | 9 October 2008<br>(Note 3) | 0.2198                                | 9 October 2009 – 8 October 2010 | –                             | 3,343,750                       | –                                 | –                                            | 3,343,750                             |
|                          |                            |                                       | 9 October 2010 – 8 October 2011 | –                             | 3,343,750                       | –                                 | –                                            | 3,343,750                             |
|                          |                            |                                       | 9 October 2011 – 8 October 2012 | –                             | 3,343,750                       | –                                 | –                                            | 3,343,750                             |
|                          |                            |                                       | 9 October 2012 – 8 October 2013 | –                             | 3,343,750                       | –                                 | –                                            | 3,343,750                             |
| Mr. Liang Yu             | 11 July 2008<br>(Note 2)   | 0.754                                 | 11 July 2009 – 10 July 2010     | –                             | 6,687,500                       | –                                 | (6,687,500)                                  | –                                     |
|                          |                            |                                       | 11 July 2010 – 10 July 2011     | –                             | 6,687,500                       | –                                 | (6,687,500)                                  | –                                     |
|                          |                            |                                       | 11 July 2011 – 10 July 2012     | –                             | 6,687,500                       | –                                 | (6,687,500)                                  | –                                     |
|                          |                            |                                       | 11 July 2012 – 10 July 2013     | –                             | 6,687,500                       | –                                 | (6,687,500)                                  | –                                     |
|                          | 9 October 2008<br>(Note 3) | 0.2198                                | 9 October 2009 – 8 October 2010 | –                             | 3,343,750                       | –                                 | –                                            | 3,343,750                             |
|                          |                            |                                       | 9 October 2010 – 8 October 2011 | –                             | 3,343,750                       | –                                 | –                                            | 3,343,750                             |
|                          |                            |                                       | 9 October 2011 – 8 October 2012 | –                             | 3,343,750                       | –                                 | –                                            | 3,343,750                             |
|                          |                            |                                       | 9 October 2012 – 8 October 2013 | –                             | 3,343,750                       | –                                 | –                                            | 3,343,750                             |
| Ms. Yang Yang            | 11 July 2008<br>(Note 2)   | 0.754                                 | 11 July 2009 – 10 July 2010     | –                             | 668,750                         | –                                 | (668,750)                                    | –                                     |
|                          |                            |                                       | 11 July 2010 – 10 July 2011     | –                             | 668,750                         | –                                 | (668,750)                                    | –                                     |
|                          |                            |                                       | 11 July 2011 – 10 July 2012     | –                             | 668,750                         | –                                 | (668,750)                                    | –                                     |
|                          |                            |                                       | 11 July 2012 – 10 July 2013     | –                             | 668,750                         | –                                 | (668,750)                                    | –                                     |

| Name                            | Date of grant                    | Exercise price<br>per share<br>(HK\$) | Exercisable period                       | Outstanding at<br>1 July 2008 | Granted<br>during the<br>period | Exercised<br>during the<br>period | Cancelled/<br>lapsed<br>during<br>the period | Outstanding at<br>31 December<br>2008 |
|---------------------------------|----------------------------------|---------------------------------------|------------------------------------------|-------------------------------|---------------------------------|-----------------------------------|----------------------------------------------|---------------------------------------|
|                                 | 9 October 2008<br>(Note 3)       | 0.2198                                | 9 October 2009 – 8 October 2010          | –                             | 334,375                         | –                                 | –                                            | 334,375                               |
|                                 |                                  |                                       | 9 October 2010 – 8 October 2011          | –                             | 334,375                         | –                                 | –                                            | 334,375                               |
|                                 |                                  |                                       | 9 October 2011 – 8 October 2012          | –                             | 334,375                         | –                                 | –                                            | 334,375                               |
|                                 |                                  |                                       | 9 October 2012 – 8 October 2013          | –                             | 334,375                         | –                                 | –                                            | 334,375                               |
| Eligible employees:             | 27 September<br>2006<br>(Note 1) | 0.218                                 | 27 September 2008 –<br>26 September 2009 | 1,250,000                     | –                               | –                                 | –                                            | 1,250,000                             |
|                                 |                                  |                                       | 27 September 2009 –<br>26 September 2010 | 1,250,000                     | –                               | –                                 | –                                            | 1,250,000                             |
|                                 | 22 March 2007                    | 1.40                                  | 22 March 2008 – 21 March 2009            | 9,187,500                     | –                               | –                                 | (9,187,500)                                  | –                                     |
|                                 |                                  |                                       | 22 March 2009 – 21 March 2010            | 9,187,500                     | –                               | –                                 | (9,187,500)                                  | –                                     |
|                                 |                                  |                                       | 22 March 2010 – 21 March 2011            | 9,187,500                     | –                               | –                                 | (9,187,500)                                  | –                                     |
|                                 |                                  |                                       | 22 March 2011 – 21 March 2012            | 9,187,500                     | –                               | –                                 | (9,187,500)                                  | –                                     |
|                                 | 15 June 2007                     | 1.77                                  | 15 June 2008 – 14 June 2009              | 7,000,000                     | –                               | –                                 | (7,000,000)                                  | –                                     |
|                                 |                                  |                                       | 15 June 2009 – 14 June 2010              | 7,000,000                     | –                               | –                                 | (7,000,000)                                  | –                                     |
|                                 |                                  |                                       | 15 June 2010 – 14 June 2011              | 7,000,000                     | –                               | –                                 | (7,000,000)                                  | –                                     |
|                                 |                                  |                                       | 15 June 2011 – 14 June 2012              | 7,000,000                     | –                               | –                                 | (7,000,000)                                  | –                                     |
|                                 | 26 February 2008                 | 0.908                                 | 26 February 2009 –<br>25 February 2010   | 5,750,000                     | –                               | –                                 | (5,750,000)                                  | –                                     |
|                                 |                                  |                                       | 26 February 2010 –<br>25 February 2011   | 5,750,000                     | –                               | –                                 | (5,750,000)                                  | –                                     |
|                                 |                                  |                                       | 26 February 2011 –<br>25 February 2012   | 5,750,000                     | –                               | –                                 | (5,750,000)                                  | –                                     |
|                                 |                                  |                                       | 26 February 2012 –<br>25 February 2013   | 5,750,000                     | –                               | –                                 | (5,750,000)                                  | –                                     |
|                                 | 11 July 2008<br>(Note 2)         | 0.754                                 | 11 July 2009 – 10 July 2010              | –                             | 1,000,000                       | –                                 | (1,000,000)                                  | –                                     |
|                                 |                                  |                                       | 11 July 2010 – 10 July 2011              | –                             | 1,000,000                       | –                                 | (1,000,000)                                  | –                                     |
|                                 |                                  |                                       | 11 July 2011 – 10 July 2012              | –                             | 1,000,000                       | –                                 | (1,000,000)                                  | –                                     |
|                                 |                                  |                                       | 11 July 2012 – 10 July 2013              | –                             | 1,000,000                       | –                                 | (1,000,000)                                  | –                                     |
|                                 | 9 October 2008<br>(Note 3)       | 0.2198                                | 9 October 2009 – 8 October 2010          | –                             | 11,218,750                      | –                                 | (62,500)                                     | 11,156,250                            |
|                                 |                                  |                                       | 9 October 2010 – 8 October 2011          | –                             | 11,218,750                      | –                                 | (62,500)                                     | 11,156,250                            |
|                                 |                                  |                                       | 9 October 2011 – 8 October 2012          | –                             | 11,218,750                      | –                                 | (62,500)                                     | 11,156,250                            |
|                                 |                                  |                                       | 9 October 2012 – 8 October 2013          | –                             | 11,218,750                      | –                                 | (62,500)                                     | 11,156,250                            |
| Other eligible<br>participants: | 22 March 2007                    | 1.40                                  | 22 March 2008 – 21 March 2009            | 22,243,750                    | –                               | –                                 | (22,243,750)                                 | –                                     |
|                                 |                                  |                                       | 22 March 2009 – 21 March 2010            | 22,243,750                    | –                               | –                                 | (22,243,750)                                 | –                                     |
|                                 |                                  |                                       | 22 March 2010 – 21 March 2011            | 22,243,750                    | –                               | –                                 | (22,243,750)                                 | –                                     |
|                                 |                                  |                                       | 22 March 2011 – 21 March 2012            | 22,243,750                    | –                               | –                                 | (22,243,750)                                 | –                                     |

| Name                                    | Date of grant              | Exercise price<br>per share<br>(HK\$) | Exercisable period                     | Outstanding at<br>1 July 2008 | Granted<br>during the<br>period | Exercised<br>during the<br>period | Cancelled/<br>lapsed<br>during<br>the period | Outstanding at<br>31 December<br>2008 |
|-----------------------------------------|----------------------------|---------------------------------------|----------------------------------------|-------------------------------|---------------------------------|-----------------------------------|----------------------------------------------|---------------------------------------|
|                                         | 15 June 2007               | 1.77                                  | 15 June 2008 – 14 June 2009            | 2,625,000                     | –                               | –                                 | (2,625,000)                                  | –                                     |
|                                         |                            |                                       | 15 June 2009 – 14 June 2010            | 2,625,000                     | –                               | –                                 | (2,625,000)                                  | –                                     |
|                                         |                            |                                       | 15 June 2010 – 14 June 2011            | 2,625,000                     | –                               | –                                 | (2,625,000)                                  | –                                     |
|                                         |                            |                                       | 15 June 2011 – 14 June 2012            | 2,625,000                     | –                               | –                                 | (2,625,000)                                  | –                                     |
|                                         | 26 February 2008           | 0.908                                 | 26 February 2009 –<br>25 February 2010 | 15,000,000                    | –                               | –                                 | (15,000,000)                                 | –                                     |
|                                         |                            |                                       | 26 February 2010 –<br>25 February 2011 | 15,000,000                    | –                               | –                                 | (15,000,000)                                 | –                                     |
|                                         |                            |                                       | 26 February 2011 –<br>25 February 2012 | 15,000,000                    | –                               | –                                 | (15,000,000)                                 | –                                     |
|                                         |                            |                                       | 26 February 2012 –<br>25 February 2013 | 15,000,000                    | –                               | –                                 | (15,000,000)                                 | –                                     |
|                                         | 11 July 2008<br>(Note 2)   | 0.754                                 | 11 July 2009 – 10 July 2010            | –                             | 11,250,000                      | –                                 | (11,250,000)                                 | –                                     |
|                                         |                            |                                       | 11 July 2010 – 10 July 2011            | –                             | 11,250,000                      | –                                 | (11,250,000)                                 | –                                     |
|                                         |                            |                                       | 11 July 2011 – 10 July 2012            | –                             | 11,250,000                      | –                                 | (11,250,000)                                 | –                                     |
|                                         |                            |                                       | 11 July 2012 – 10 July 2013            | –                             | 11,250,000                      | –                                 | (11,250,000)                                 | –                                     |
|                                         | 9 October 2008<br>(Note 3) | 0.2198                                | 9 October 2009 – 8 October 2010        | –                             | 25,015,625                      | –                                 | –                                            | 25,015,625                            |
|                                         |                            |                                       | 9 October 2010 – 8 October 2011        | –                             | 25,015,625                      | –                                 | –                                            | 25,015,625                            |
|                                         |                            |                                       | 9 October 2011 – 8 October 2012        | –                             | 25,015,625                      | –                                 | –                                            | 25,015,625                            |
|                                         |                            |                                       | 9 October 2012 – 8 October 2013        | –                             | 25,015,625                      | –                                 | –                                            | 25,015,625                            |
| Total                                   |                            |                                       |                                        | <u>303,225,000</u>            | <u>264,825,000</u>              | <u>–</u>                          | <u>(379,400,000)</u>                         | <u>188,650,000</u>                    |
| Exercisable at the end<br>of the period |                            |                                       |                                        |                               |                                 |                                   |                                              | <u>1,250,000</u>                      |
| Weighted average<br>exercise price      |                            |                                       |                                        | <u>HK\$1.33</u>               | <u>HK\$0.38</u>                 |                                   |                                              | <u>HK\$0.22</u>                       |

*Notes:*

1. The number and the exercise price of options which remained outstanding have been adjusted due to share subdivision of the Company with effect from 24 October 2006. The exercise price per share was adjusted from HK\$1.09 to HK\$0.218. The closing price of the shares immediately before the date on which the options were exercised was HK\$0.355.
2. The closing price of the Shares immediately before the date on which the options were granted was HK\$0.75.
3. The closing price of the Shares immediately before the date on which the options were granted was HK\$0.151.
4. The Directors consider that it is not appropriate to disclose the value of the share options of the Company granted during the Six-Month Period as any valuation of such options would be subject to a number of assumptions that would be subjective and uncertain.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

During the Six-Month Period, 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, 12 February 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 internet website operated by the Stock Exchange for the purposes of the GEM at [www.hkgem.com](http://www.hkgem.com) for at least seven days from the day of its posting.*