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This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

AGTech
www.agtech.com

AGTech Holdings Limited
亞博科技控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 8279)

FINAL RESULTS ANNOUNCEMENT FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2009

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

* *For identification purpose only*

FINANCIAL HIGHLIGHTS FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2009

- Total revenue of the Group for the period under review amounted to approximately HK$33.8 million (for the year ended 30 June 2009: revenue restated amounted to approximately HK$59.0 million). All revenue was derived from provision of sports lottery management and marketing consultancy services and supply of sports lottery sales terminals (and accessories).

- The Group recorded a loss from business operations of approximately HK$20.4 million (for the year ended 30 June 2009: loss from business operations restated amounted to approximately HK$36.3 million). The gross profit percentage for the period under review stood at approximately 60.9%, an increase from the gross profit percentage of approximately 41.1% for the year ended 30 June 2009.

- Loss attributable to owners of the Company for the period under review amounted to approximately HK$35.4 million, primarily due to (i) the share-based payments (totalling approximately HK$12.8 million) as a result of the adoption of Hong Kong Financial Reporting Standard 2 *Share-based Payment* for share options of the Company granted to Directors, eligible employees and other eligible participants under the Share Option Scheme of the Company; (ii) the amortisation of other intangible assets (totalling approximately HK$19.7 million); and (iii) profit on disposal of discontinued operation (Enterprise solutions) of approximately HK$8.9 million in which approximately HK$11.1 million is mainly due to release of related contributed surplus reserve from equity to profit or loss account.

- The Board does not recommend the payment of a final dividend for the period.

RESULTS

The Board is pleased to announce the audited consolidated results of the Group for the six-month period ended 31 December 2009, together with the comparative audited figures for the year ended 30 June 2009 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 December 2009

	Notes	**Period ended 31 December 2009** ***HK$***	Year ended 30 June 2009 *HK$* (As restated)
Continuing operations			
Revenue	*4*	**33,822,293**	58,988,495
Cost of sales and services		**(13,236,893)**	(34,739,385)
Gross profit		**20,585,400**	24,249,110
Bank interest income		**1,327,959**	2,632,778
Other (cost)/income		**(58,250)**	188,807
Selling and administrative expenses		**(42,215,563)**	(63,402,528)
Loss from business operations		**(20,360,454)**	(36,331,833)
Share-based payments		**(12,848,042)**	(123,090,447)
Net foreign exchange gain/(loss)		**1,209,532**	(57,676)
Amortisation of other intangible assets	*11*	**(19,656,315)**	(39,270,108)
Loss before tax		**(51,655,279)**	(198,750,064)
Income tax	*6*	**3,290,160**	7,910,646
Loss for the period/year from continuing operations	*8*	**(48,365,119)**	(190,839,418)
Discontinued operation	*7*		
Profit/(loss) for the period/year from discontinued operation		**8,897,185**	(262,425)
Loss for the period/year		**(39,467,934)**	(191,101,843)
Other comprehensive income			
Exchange differences on translating foreign operations		**1,152,733**	(2,610,263)
Exchange differences released upon disposals of subsidiaries		**25,580**	53,553
Other comprehensive income for the period/year, net of tax		**1,178,313**	(2,556,710)
Total comprehensive income for the period/year		**(38,289,621)**	(193,658,553)
Loss attributable to:			
Owners of the Company		**(35,370,999)**	(189,499,731)
Non-controlling interests		**(4,096,935)**	(1,602,112)
		(39,467,934)	(191,101,843)
Total comprehensive income attributable to:			
Owners of the Company		**(34,195,430)**	(192,045,625)
Non-controlling interests		**(4,094,191)**	(1,612,928)
		(38,289,621)	(193,658,553)
Loss per Share	*9*		
From continuing and discontinued operations			
Basic and diluted		**HK0.99 cent**	HK5.30 cents
From continuing operations			
Basic and diluted		**HK1.24 cents**	HK5.30 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2009

	Notes	At 31 December 2009 HK$	At 30 June 2009 HK$
Non-current assets			
Property, plant and equipment		**21,665,730**	25,112,795
Goodwill	*10*	**663,365,373**	662,199,119
Other intangible assets	*11*	**100,391,297**	119,638,728
Investment in an associate		**–**	–
Deposits and prepayments		**41,283,167**	46,175,666
Other assets		**1,615,392**	1,612,552
		828,320,959	854,738,860
Current assets			
Inventories		**–**	114,958
Trade receivables	*12*	**17,452,520**	9,592,417
Amounts due from customers for contract work		**–**	1,539,009
Other receivables, deposits and prepayments		**48,714,279**	35,701,425
Pledged bank deposits	*13*	**–**	501,217
Bank balances and cash	*13*	**141,520,650**	171,706,715
		207,687,449	219,155,741
Current liabilities			
Trade payables	*14*	**–**	779,388
Other payables, accruals and deposits received		**6,157,466**	5,948,026
Current tax liabilities		**290,489**	1,201,501
		6,447,955	7,928,915
Net current assets		**201,239,494**	211,226,826
Total assets less current liabilities		**1,029,560,453**	1,065,965,686
Non-current liabilities			
Deferred tax liabilities	*15*	**24,018,011**	28,883,166
Net assets		**1,005,542,442**	1,037,082,520
Capital and reserves			
Share capital		**7,163,670**	7,162,670
Reserves		**995,318,893**	1,027,665,780
Equity attributable to owners of the Company		**1,002,482,563**	1,034,828,450
Non-controlling interests		**3,059,879**	2,254,070
Total equity		**1,005,542,442**	1,037,082,520

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 December 2009

	Share capital *HK$*	Share premium *HK$*	Share options reserve *HK$*	Statutory reserve *HK$* *(Note (a))*	Exchange reserve *HK$*	Contributed surplus *HK$* *(Note (b))*	Accumulated losses *HK$*	Attributable to owners of the Company *HK$*	Non- controlling interests *HK$*	Total *HK$*
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
Loss for the year	–	–	–	–	–	–	(189,499,731)	(189,499,731)	(1,602,112)	(191,101,843)
Other comprehensive income for the year	–	–	–	–	(2,545,894)	–	–	(2,545,894)	(10,816)	(2,556,710)
Total comprehensive income for the year	–	–	–	–	(2,545,894)	–	(189,499,731)	(192,045,625)	(1,612,928)	(193,658,553)
Recognitions of equity-settled share-based payments	–	–	123,090,447	–	–	–	–	123,090,447	–	123,090,447
Shares issued on exercise of part of a share option	2,500	325,000	(55,000)	–	–	–	–	272,500	–	272,500
Lapse of share options	–	–	(3,830,170)	–	–	–	3,830,170	–	–	–
Released upon disposal of a subsidiary	–	–	–	–	–	–	–	–	(255,535)	(255,535)
At 30 June 2009	7,162,670	998,843,599	225,399,349	310,757	87,951,225	58,299,875	(343,139,025)	1,034,828,450	2,254,070	1,037,082,520
Loss for the period	–	–	–	–	–	–	(35,370,999)	(35,370,999)	(4,096,935)	(39,467,934)
Other comprehensive income for the period	–	–	–	–	1,175,569	–	–	1,175,569	2,744	1,178,313
Total comprehensive income for the period	–	–	–	–	1,175,569	–	(35,370,999)	(34,195,430)	(4,094,191)	(38,289,621)
Recognitions of equity-settled share-based payments	–	–	12,848,042	–	–	–	–	12,848,042	–	12,848,042
Shares issued on exercise of part of a share option	1,000	705,967	(597,067)	–	–	–	–	109,900	–	109,900
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	4,900,000	4,900,000
Transfer to profit or loss on disposal of a subsidiary	–	–	–	(292,038)	–	–	292,038	–	–	–
Released upon disposal of subsidiaries	–	–	–	–	–	(11,108,399)	–	(11,108,399)	–	(11,108,399)
Transfer from accumulated losses	–	–	–	1,138,751	–	–	(1,138,751)	–	–	–
At 31 December 2009	7,163,670	999,549,566	237,650,324	1,157,470	89,126,794	47,191,476	(379,356,737)	1,002,482,563	3,059,879	1,005,542,442

Notes:

(a) In accordance with the statutory requirements in the PRC, subsidiaries of the Company registered in the PRC are required to transfer a certain percentage of their annual net income from retained profits to statutory reserve. The statutory reserve is not distributable.

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

NOTES:

1. GENERAL

The Company was incorporated in Bermuda as an exempted company with limited liability and its issued Shares have been listed on GEM.

At 31 December 2009, the Directors regard MAXPROFIT GLOBAL INC, a private limited company incorporated in the British Virgin Islands, as the immediate and ultimate holding company of the Company.

The Company is an investment holding company and its principal subsidiaries are mainly engaged in provision of sports lottery management and marketing consultancy services, supply of sports lottery sales terminals (and accessories) and provision of lottery advisory service in the PRC.

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

The Company announced on 10 December 2009 that the financial year end date of the Company was changed from 30 June to 31 December commencing from the financial year 2009. Accordingly, the financial statements for the current period cover the six-month period from 1 July 2009 to 31 December 2009. The corresponding amounts shown for the consolidated statement of comprehensive income, the consolidated statement of changes in equity and related notes cover the twelve-month period from 1 July 2008 to 30 June 2009 and therefore may not be comparable with the amounts shown for the current period.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current period, the Group has applied all of the new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) that are relevant to its operations and effective for annual periods beginning on or after 1 July 2009.

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 & HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Revised)	First-time Adoption of HKFRSs
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 3 (Revised)	Business Combinations
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners
HK(IFRIC)-Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009

Except as described below, the adoption of the new and revised HKFRSs has no material effect on the consolidated financial statements of the Group for the current and prior accounting periods.

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (revised in 2007) Presentation of Financial Statements

HKAS 1 (2007) has introduced terminology changes (including revised titles for the consolidated financial statements) and changes in the format and content of the consolidated financial statements.

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that has not resulted in a redesignation of the Group's reportable segments (see Note 5).

Improving Disclosures about Financial Instruments (Amendments to HKFRS 7 Financial Instruments: Disclosures)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements and liquidity risk. The Group has not presented comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[1]
HKAS 24 (Revised)	Related Party Disclosures[4]
HKAS 32 (Amendments)	Classification of Rights Issues[3]
HKFRS 1 (Amendments)	Additional Exemptions for First-time Adopters[2]
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions[2]
HKFRS 9	Financial Instruments (relating to the classification and measurement of financial assets)[6]
HK (IFRIC)-Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[4]
HK (IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[5]

Notes:

1 Amendments that are effective for annual periods beginning on or after 1 January 2010
2 Effective for annual periods beginning on or after 1 January 2010
3 Effective for annual periods beginning on or after 1 February 2010
4 Effective for annual periods beginning on or after 1 January 2011
5 Effective for annual periods beginning on or after 1 July 2010
6 Effective for annual periods beginning on or after 1 January 2013

HKFRS 9 *Financial Instruments* introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of Group's financial assets.

In addition, as part of *Improvements to HKFRSs (2009)*, HKAS 17 *Leases* has been amended in relation to the classification of leasehold land. The amendments will be effective from 1 January 2010, with earlier application permitted. Before the amendments to HKAS 17, leasees were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 might not affect the classification and measurement of the Group's leasehold land.

The Group is in the process of assessing the impact of other new and revised HKFRSs on the financial performance and financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance.

4. REVENUE

Revenue represents the amounts received and receivable from provision of sports lottery management and marketing consultancy services, supply of sports lottery sales terminals (and accessories) and provision of lottery advisory service in the PRC for the period/year, and is analysed as follows:

	Period ended 31 December 2009 ***HK$***	Year ended 30 June 2009 *HK$* (As restated)
Revenue in respect of provision of management and marketing consultancy services to SLACs and authorised operators of the sports lottery, as well as supply of sports lottery sales terminals (and accessories) to the SLACs for certain municipality and provinces in the PRC	**33,822,293**	58,876,266
Revenue in respect of provision of lottery advisory service	**–**	112,229
	33,822,293	58,988,495

5. SEGMENT INFORMATION

Application of HKFRS 8 *Operating Segments*

The Group has adopted HKFRS 8 *Operating Segments* with effect from 1 January 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the "CODM") for the purposes of allocating resources to segments and assessing their performance. In contrast, the predecessor standard HKAS 14 *Segment Reporting* required an entity to identify two sets of segments, business and geographical, using a risks and returns approach. The Directors consider that the adoption of HKFRS 8 has not resulted in a redesignation of the reportable segments for the Group compared with the primary reportable segments determined in accordance with HKAS 14, nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

Under HKFRS 8, reported segment information is based on internal management reporting information that is regularly reviewed by the Directors, being the CODM of the Group. The measurement policies the Group used for segment reporting under HKFRS 8 are the same as those used in its HKFRS financial statements. The Directors assess segment profit or loss using a measure of operating profit whereby certain items, central administration costs, share-based payments, bank interest income and income tax, are not included in arriving at the segment results of operating segments.

The Group's operating segments under HKFRS 8 are as follows:

- Sports lottery management and marketing consultancy services and supply of sports lottery sales terminals (and accessories) – provision of management and marketing consultancy services to SLACs and authorised operators of sports lottery, as well as supply of sports lottery sales terminals (and accessories) to the SLACs for certain municipality and provinces in the PRC ("Consultancy services").

- Lottery information technology solutions – provision of lottery advisory service to authorised operator of lottery in the PRC ("Information technology solutions").

An operation (Enterprise solutions – provision of information technology management solutions which include design and installation of digital image processing system, sales of computer software products and related maintenance services ("Enterprise solutions")) discontinued in the current period was reported as separate business segment under HKAS 14. The segment information reported below does not include any amounts for this discontinued operation, which is described in more detail in Note 7 below.

Information regarding the Group's reportable segments is presented below.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

	Segment revenue		**Segment loss**	
	Period ended 31 December 2009 ***HK$***	Year ended 30 June 2009 *HK$* (As restated)	**Period ended 31 December 2009** ***HK$***	Year ended 30 June 2009 *HK$* (As restated)
Consultancy services	**33,822,293**	58,876,266	**(20,358,781)**	(49,201,564)
Information technology solutions	**–**	112,229	**(3,213,893)**	(2,715,759)
Total for continuing operations	**33,822,293**	58,988,495	**(23,572,674)**	(51,917,323)
Bank interest income			**1,327,959**	2,632,778
Share-based payments			**(12,848,042)**	(123,090,447)
Central administration costs			**(16,562,522)**	(26,375,072)
Loss before tax (continuing operations)			**(51,655,279)**	(198,750,064)

Revenue reported above represents revenue generated from customers. There were no inter-segment sales for the period ended 31 December 2009 (for the year ended 30 June 2009: nil).

Segment loss represents the loss generated by each segment without allocation of central administration costs, share-based payments, bank interest income and income tax. This is the measure reported to the CODM for the purposes of resources allocation and assessment of segment performance.

Segment assets and liabilities

	At 31 December 2009 HK$	At 30 June 2009 HK$
Segment assets		
Consultancy services	**937,244,997**	948,665,797
Information technology solutions	**14,269,259**	17,436,747
Total segment assets	**951,514,256**	966,102,544
Assets relating to Enterprise solutions (now discontinued)	**–**	4,243,127
Unallocated corporate assets	**84,494,152**	103,548,930
Consolidated assets	**1,036,008,408**	1,073,894,601
Segment liabilities		
Consultancy services	**4,711,476**	4,605,044
Information technology solutions	**142,854**	160,856
Total segment liabilities	**4,854,330**	4,765,900
Liabilities relating to Enterprise solutions (now discontinued)	**–**	1,797,565
Unallocated corporate liabilities	**25,611,636**	30,248,616
Consolidated liabilities	**30,465,966**	36,812,081

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets other than unallocated corporate assets are allocated to reportable segments. Goodwill is allocated to reportable segments; and

- all liabilities other than unallocated corporate liabilities, current and deferred tax liabilities are allocated to reportable segments.

Other segment information

	Depreciation of property, plant and equipment		**Amortisation of other intangible assets**		**Additions to non-current assets**	
	Period ended 31 December 2009 ***HK$***	Year ended 30 June 2009 *HK$* (As restated)	**Period ended 31 December 2009** ***HK$***	Year ended 30 June 2009 *HK$* (As restated)	**Period ended 31 December 2009** ***HK$***	Year ended 30 June 2009 *HK$* (As restated)
Consultancy services	**3,115,472**	5,458,973	**19,093,653**	38,146,002	**372,071**	18,056,923
Information technology solutions	**368,913**	951,698	**562,662**	1,124,106	**209,026**	493,333
	3,484,385	6,410,671	**19,656,315**	39,270,108	**581,097**	18,550,256
Unallocated	**237,951**	563,096	**–**	–	**10,000**	86,668
	3,722,336	6,973,767	**19,656,315**	39,270,108	**591,097**	18,636,924

Revenue from major services

The Group's revenue from continuing operations from its major services is as follows:

	Period ended 31 December 2009 *HK$*	Year ended 30 June 2009 *HK$* (As restated)
Consultancy services	**33,822,293**	58,876,266
Information technology solutions	**–**	112,229
	33,822,293	58,988,495

Geographical information

The Group's operations are located in the PRC.

The Group's revenue from continuing operations from external customers and information about its non-current assets* by geographical locations are detailed below:

	Revenue from external customers		**Non-current assets***	
	Period ended 31 December 2009 *HK$*	Year ended 30 June 2009 *HK$* (As restated)	**At 31 December 2009** *HK$*	At 30 June 2009 *HK$* (As restated)
PRC	**33,822,293**	58,988,495	**818,257,027**	841,089,017
Hong Kong	**–**	–	**10,063,932**	13,584,857
	33,822,293	58,988,495	**828,320,959**	854,673,874

* *Non-current assets excluding those relating to Enterprise solutions operation.*

Information about major customers

Revenue from customers of corresponding periods contributing over 10% of total revenue of the Group is as follows:

	Period ended 31 December 2009 *HK$*	Year ended 30 June 2009 *HK$* (As restated)
Customer A	**24,806,385**	36,630,863
Customer B	**3,448,922**	–
Customer C	**–**	6,285,900
	28,255,307	42,916,763

6. INCOME TAX (FROM CONTINUING OPERATIONS)

	Period ended 31 December 2009 *HK$*	Year ended 30 June 2009 *HK$* (As restated)
Current tax:		
– PRC Enterprise Income Tax	**1,196,080**	2,245,640
Under/(over) provision of current tax in previous year:		
– PRC Enterprise Income Tax	**427,839**	(338,759)
Deferred tax *(Note 15)*:		
– Current period/year	**(4,914,079)**	(9,817,527)
Total income tax recognised in profit or loss	**(3,290,160)**	(7,910,646)

No provision for Hong Kong profits tax has been made as there were no assessable profits for the year ended 30 June 2009 and for the period ended 31 December 2009.

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 and reduced corporate profit tax rate from 17.5% to 16.5%, which is effective from the year of assessment 2008/2009. Hong Kong profits tax is calculated at 16.5% (2008: 16.5%) of the estimated assessable profits for both current and prior periods.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for both current and prior periods. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Income tax for the period/year can be reconciled to loss before tax per the consolidated statement of comprehensive income as follows:

	Period ended 31 December 2009 *HK$*	Year ended 30 June 2009 *HK$* (As restated)
Loss before tax (from continuing operations)	**(51,655,279)**	(198,750,064)
Tax at domestic income tax rate *(Note)*	**(10,091,270)**	(36,953,403)
Tax effect of expenses not deductible for tax purpose	**5,954,594**	32,172,612
Tax effect of income not taxable for tax purpose	**(260,790)**	(1,611,962)
Utilisation of previously unrecognised tax losses	**–**	(176,278)
Tax effect of unrecognised estimated tax losses	**5,593,546**	8,814,671
Under/(over) provision in previous year	**427,839**	(338,759)
Reversal of temporary differences	**(4,914,079)**	(9,817,527)
	(3,290,160)	(7,910,646)

Note: The applicable tax rates for Macao, the PRC and Hong Kong are 12%, 25% and 16.5% (for the year ended 30 June 2009: 12%, 25% and 16.5%) respectively.

7. DISCONTINUED OPERATION

Disposal of Enterprise solutions operation

On 19 November 2009, the Company entered into a sale agreement to dispose of MegaInfo Limited and its subsidiaries (the "MegaInfo Group"), which carried out all of the Group's Enterprise solutions operation. The disposal of the Enterprise solutions operation is consistent with the Group's long-term policy to focus its activities on Consultancy services operation and Information technology solutions operation. The disposal was completed on 19 November 2009, on which date control of the Enterprise solutions operation passed to the acquirer.

	Period ended 31 December 2009 *HK$*	Year ended 30 June 2009 *HK$* (As restated)
Profit/(loss) for the period/year from discontinued operation		
Revenue	**340,447**	2,633,483
Cost of sales and services	**(71,813)**	(1,774,342)
Bank interest income	**605**	7,201
Other income	**34,810**	1,308,930
Selling and administrative expenses	**(2,296,063)**	(2,428,171)
Net foreign exchange loss	**(441)**	(764)
Loss before tax	**(1,992,455)**	(253,663)
Attributable income tax	**–**	(8,762)
	(1,992,455)	(262,425)
Gain on disposal of discontinued operation (including HK$17,200 and HK$11,108,399 released from exchange reserve and contributed surplus respectively from equity to profit or loss on disposal of discontinued operation)	**10,889,640**	–
Profit/(loss) for the period/year from discontinued operation (attributable to owners of the Company)	**8,897,185**	(262,425)

Profit/(loss) for the period/year from discontinued operation has been arrived at after charging:

	Period ended 31 December 2009 *HK$*	Year ended 30 June 2009 *HK$* (As restated)
Auditors' remuneration	**–**	–
Cost of inventories recognised as expenses	**–**	8,236
Depreciation of property, plant and equipment	**19,844**	66,613
Impairment losses recognised on amounts due from customers for contract work	**1,539,009**	–
Impairment losses recognised on other receivables, deposits and prepayments	**148,136**	–
Operating lease rentals in respect of rented premises	**52,656**	192,140
Fees, salaries, discretionary bonuses and other benefits	**336,702**	1,356,807
Social security costs	**8,392**	26,088
	345,094	1,382,895
Cash flows from discontinued operation		
Net cash inflows/(outflows) from operating activities	**6,073**	(224,162)
Net cash inflows from investing activities	**178,769**	779,993
Net cash inflows	**184,842**	555,831

8. LOSS FOR THE PERIOD/YEAR FROM CONTINUING OPERATIONS

Loss for the period/year from continuing operations is attributable to:

	Period ended 31 December 2009 *HK$*	Year ended 30 June 2009 *HK$* (As restated)
Owners of the Company	**(44,268,184)**	(189,237,306)
Non-controlling interests	**(4,096,935)**	(1,602,112)
	(48,365,119)	(190,839,418)

Loss for the period/year from continuing operations has been arrived at after charging/(crediting):

	Period ended 31 December 2009 *HK$*	Year ended 30 June 2009 *HK$* (As restated)
Auditors' remuneration	**500,000**	750,000
Depreciation of property, plant and equipment	**3,722,336**	6,973,767
Net losses on disposals of property, plant and equipment	**38,241**	118,731
Net losses/(gains) on disposals of subsidiaries	**8,380**	(201,982)
Operating lease rentals in respect of rented premises	**2,347,523**	4,458,211

Employee benefit expense, including Directors' remunerations:

Fees, salaries, discretionary bonuses and other benefits	**12,768,115**	29,324,349
Share-based payments	**5,955,742**	58,376,552
Social security costs	**1,246,622**	1,545,188
Retirement benefit schemes contributions	**59,054**	122,569
	20,029,533	89,368,658

9. LOSS PER SHARE

From continuing and discontinued operations

The calculation of basic and diluted loss per Share is based on the loss attributable to owners of the Company from continuing and discontinued operations for the period ended 31 December 2009 of HK$35,370,999 (for the year ended 30 June 2009: HK$189,499,731) and the weighted average number of 3,581,563,261 Shares (for the year ended 30 June 2009: 3,580,211,712 Shares) in issued during the current and prior periods.

The computation of the diluted loss per Share does not assume the exercises of the Company's share options as their exercises would decrease the loss per Share of both current and prior periods.

From continuing operations

The calculation of the basic and diluted loss per Share attributable to owners of the Company from continuing operations is based on the following data:

Loss figures are calculated as follows:

	Period ended 31 December 2009 *HK$*	Year ended 30 June 2009 *HK$* (As restated)
Loss for the period/year attributable to owners of the Company from continuing and discontinued operations	**(35,370,999)**	(189,499,731)
Less:		
Profit/(loss) for the period/year from discontinued operation *(Note 7)*	**8,897,185**	(262,425)
Loss for the purpose of calculating basic/diluted loss per Share from continuing operations	**(44,268,184)**	(189,237,306)

The denominators used are the same as those detailed above for both basic and diluted loss per Share.

The computation of the diluted loss per Share does not assume the exercises of the Company's share options as their exercises would decrease the loss per Share of both current and prior periods.

From discontinued operation

The calculation of the basic and diluted earnings/(loss) per Share attributable to owners of the Company from discontinued operation is based on the following data:

	Period ended 19 November 2009	Year ended 30 June 2009 (As restated)
Number of Shares		
Weighted average number of ordinary Shares for the purpose of calculating basic earnings/(loss) per Share	**3,581,482,887**	3,580,211,712
Effect of dilutive potential ordinary Shares:		
Share options	**77,490,621**	–
Weighted average number of ordinary Shares for the purpose of calculating diluted earnings/(loss) per Share	**3,658,973,508**	3,580,211,712

Basic earnings per Share for the period from discontinued operation is HK0.25 cent per Share (basic loss per Share for the year ended 30 June 2009: HK0.007 cent per Share) and diluted earnings per Share for the period from discontinued operation is HK0.24 cent per Share (diluted loss per Share for the year ended 30 June 2009: HK0.007 cent per Share), based on the profit for the period from discontinued operation of HK$8,897,185 (loss for the year ended 30 June 2009: HK$262,425) and the denominators detailed above for both basic and diluted earnings/(loss) per Share.

The computation of the diluted loss per Share for the year ended 30 June 2009 does not assume the exercises of the Company's share options as their exercises would decrease the loss per Share.

10. GOODWILL

	HK$
COST	
At 1 July 2008	664,123,438
Effect of foreign currency exchange differences	(1,924,319)
At 30 June 2009	662,199,119
Effect of foreign currency exchange differences	1,166,254
At 31 December 2009	663,365,373
CARRYING AMOUNTS	
At 31 December 2009	**663,365,373**
At 30 June 2009	662,199,119

11. OTHER INTANGIBLE ASSETS

	Club membership HK$	Capitalised development costs HK$	Software licences HK$	Non-competition agreements HK$	Contracted Customer HK$	Total HK$
COST						
At 1 July 2008	1,741,936	1,876,366	11,467,290	5,635,277	191,230,421	211,951,290
Additions	–	493,333	–	–	–	493,333
Effect of foreign currency exchange differences	–	(5,576)	–	(16,328)	(554,096)	(576,000)
At 30 June 2009	1,741,936	2,364,123	11,467,290	5,618,949	190,676,325	211,868,623
Additions	–	209,026	–	–	–	209,026
Derecognised on disposals of subsidiaries	–	–	(11,467,290)	–	–	(11,467,290)
Effect of foreign currency exchange differences	–	4,162	–	9,896	335,816	349,874
At 31 December 2009	1,741,936	2,577,311	–	5,628,845	191,012,141	200,960,233
AMORTISATION AND IMPAIRMENT						
At 1 July 2008	–	–	11,467,290	1,784,505	39,839,661	53,091,456
Amortisation expense	–	–	–	1,124,106	38,146,002	39,270,108
Effect of foreign currency exchange differences	–	–	–	(5,487)	(126,182)	(131,669)
At 30 June 2009	–	–	11,467,290	2,903,124	77,859,481	92,229,895
Amortisation expense	–	–	–	562,662	19,093,653	19,656,315
Eliminated on disposals of subsidiaries	–	–	(11,467,290)	–	–	(11,467,290)
Effect of foreign currency exchange differences	–	–	–	5,335	144,681	150,016
At 31 December 2009	–	–	–	3,471,121	97,097,815	100,568,936
CARRYING AMOUNTS						
At 31 December 2009	**1,741,936**	**2,577,311**	**–**	**2,157,724**	**93,914,326**	**100,391,297**
At 30 June 2009	1,741,936	2,364,123	–	2,715,825	112,816,844	119,638,728

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

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

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

The amount of the non-competition agreements represents the fair value of the non-competition clause embedded in the employment contracts between top management and SYSTEK LTD and its subsidiary ("Systek Group") upon the acquisition of Systek Group by the Group. The amount is amortised on a straight-line method over the estimated useful life of 5 years.

The amount of the contracted customer represents the fair value of the contractual rights stated in the consultancy agreements with a principal customer of SHINING CHINA INC and its subsidiaries ("Shining China Group") for providing consultancy services upon the acquisition of Shining China Group by the Group (the "Contracted Customer"). The amount is amortised on a straight-line method over the period of 4 to 6 years in accordance with the terms of the consultancy agreements.

12. TRADE RECEIVABLES

	At 31 December 2009 *HK$*	At 30 June 2009 HK$
Trade receivables	**17,452,520**	10,124,707
Less: Allowance for doubtful debts	**–**	(532,290)
	17,452,520	9,592,417

The following is an analysis of trade receivables by age, presented based on the terms of the related contracts, net of allowance for doubtful debts:

	At 31 December 2009 *HK$*	At 30 June 2009 *HK$*
0 to 30 days	**9,753,691**	6,275,630
31 to 60 days	**925,656**	908,064
61 to 90 days	**866,460**	786,989
91 to 120 days	**779,072**	901,859
121 to 365 days	**5,127,641**	665,924
Over 365 days	**–**	53,951
	17,452,520	9,592,417

The credit terms granted to customers are varied and are generally the result of negotiations between individual customers and the Group. No interest is charged on trade receivables.

At 31 December 2009, 0.01% (at 30 June 2009: 35%) of the trade receivables are past due but not impaired. Of the trade receivables balance at the end of the period, approximately HK$14,410,000 (at 30 June 2009: approximately HK$6,551,000) is due from the Group's largest customer.

Receivables that are past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offsetting against any amounts owed by the Group to the counterparties.

Aging of past due but not impaired

	At 31 December 2009 HK$	At 30 June 2009 HK$
0 to 30 days	**476**	908,064
31 to 60 days	**577**	786,989
61 to 90 days	**836**	901,859
91 to 120 days	**–**	379,781
121 to 365 days	**–**	307,787
Over 365 days	**–**	32,307
Total	**1,889**	3,316,787
Average age *(days)*	**51**	74

Movement in the allowance for doubtful debts

	Period ended 31 December 2009 HK$	Year ended 30 June 2009 HK$ (As restated)
Balance at beginning of the period/year	**532,290**	532,290
Amounts written off during the period/year as uncollectible	**(532,290)**	–
Balance at end of the period/year	**–**	532,290

There was no provision for impairment losses in respect of trade receivables from customers at 31 December 2009 (at 30 June 2009: nil). The Group does not hold any collateral over these balances.

Aging of impaired trade receivables

	At 31 December 2009 HK$	At 30 June 2009 HK$ (As restated)
Over 365 days	**–**	532,290

13. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group and short-term bank deposits carrying effective interest at 0.001%-6.0% per annum (at 30 June 2009: 0.1%-9.3% per annum) with an original maturity of three months or less.

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. No deposits have been pledged at the reporting period to secure undrawn facilities (at 30 June 2009: HK$501,217).

At 31 December 2009, the bank balances and cash of approximately HK$70,286,000 (at 30 June 2009: approximately HK$81,636,000) were denominated in RMB which is not freely convertible into other currencies.

14. TRADE PAYABLES

The following is an analysis of trade payables by age based on the invoice date:

	At 31 December 2009 *HK$*	At 30 June 2009 *HK$*
0 to 30 days	–	260,421
31 to 60 days	–	97,087
61 to 90 days	–	105,084
121 to 365 days	–	287
Over 365 days	–	316,509
	–	779,388

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

15. DEFERRED TAXATION

The following are the deferred tax liabilities related to intangible assets recognised and movements thereon during the current and prior periods:

	HK$
At 1 July 2008	38,810,384
Effect of foreign currency exchange differences	(109,691)
Credit to profit or loss *(Note 6)*	(9,817,527)
At 30 June 2009	28,883,166
Effect of foreign currency exchange differences	48,924
Credit to profit or loss *(Note 6)*	(4,914,079)
At 31 December 2009	24,018,011

At the end of the reporting period, the Group has estimated unused tax losses of approximately HK$119,251,000 (at 30 June 2009: approximately HK$66,212,000) available for offsetting against the future taxable profits of the companies in which the losses arose. No deferred tax asset has been recognised in respect of such estimated tax losses due to unpredictability of future profit streams. Included in unrecognised estimated unused tax losses are losses of approximately HK$28,592,000 (at 30 June 2009: approximately HK$11,898,000) that will expire within 5 years. Other estimated unused tax losses of approximately HK$90,659,000 (at 30 June 2009: approximately HK$54,314,000) may be carried forward indefinitely.

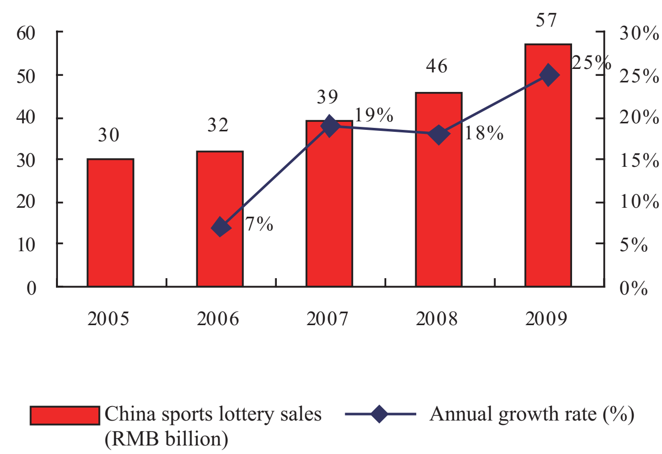
16. DIVIDEND

The Board does not recommend the payment of a final dividend for the period (for the year ended 30 June 2009: nil).

INDUSTRY OVERVIEW

Overall Sales Performance of the PRC Sports Lottery Market

China's sports lottery sales and annual growth rate 2005-20209



The year 2009 marks the 15th anniversary of China's sports lottery industry. According to the information published by the Ministry of Finance of the PRC, China's sports lottery sales exceeded RMB50 billion for the first time in 2009, reaching a record high of approximately RMB56.9 billion, with annual growth rate of approximately 25%. Sports lottery's share in the PRC lottery market maintained at roughly the same level as the previous year, at about 43%. The chart on the right indicates that sales of the China sports lottery market showed a continuous upward trend between 2005 and 2009, with a 5-year compound annual growth rate (CAGR) of approximately 17%. As China's overall economic activity continued to grow, robust development is expected to continue for the PRC lottery market.

For lottery sales per capita, according to the statistics released by the world's authoritative publication for the lottery industry, La Fleurs's 2008 World Lottery Almanac, sales per capita in China amounted to US$9 in 2007, Hong Kong amounted to US$674 (roughly 75-fold over that of China), while Singapore amounted to US$880 and ranked first in the world. Compared with other countries, China's lottery sales per capita remains at low level. This, alongside with the huge underground lottery market, shows that the PRC lottery market is one with tremendous growth potential.

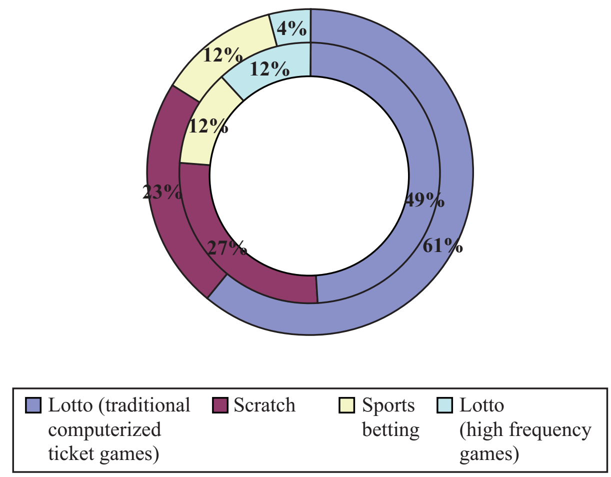
Game Sales Performance in the PRC Sports Lottery Market

Over the past year, the PRC sports lottery market achieved outstanding performance through reinforcing product management, strengthening marketing efforts, increasing lottery terminals and points of sales, enhancing training capability as well as rolling out various new lottery games. For example, the adoption of new rules and commencement of lottery prize distribution activities for Super Lotto (超級大樂透), introduction of new million-dollar prize game for sports lottery instant scratch tickets, Dinggugua (頂呱刮), and the launch of new single match betting games and various provincial high frequency games, all contributed to the sustainable development of sports lottery in China. Besides, such innovative measures and reforms also reflected that the Chinese government will be dedicated to supporting the healthy, steady and rapid development of the sports lottery industry.

The PRC sports lottery market is basically dominated by three types of games:

1. Lotto

Sales of sports lottery game as a percentage of total sports lottery sales in China in 2008 (outer ring) vs 2009 (inner ring)



Lotto game is currently the most important lottery product in the PRC sports lottery market. Sales in 2009 amounted to approximately RMB35 billion, accounting for about 61% of the total sports lottery sales (of which 49% being traditional computerized ticket games, 12% being high frequency games) (as shown in the chart on the right). Among which, high frequency games saw rapid growth in provinces, and accounted for 12% of the total sports sales in 2009, representing an approximately two-fold increase compared with 4% in 2008. Annual sales for high frequency sports lottery games amounted to approximately RMB6.6 billion in 2009, representing an annual growth rate of over 230% compared with RMB2 billion in 2008. The rapid growth in high frequency game sales was due to the increase in the number of games and expansion of market scopes.

2. Scratch

In 2009, sales of sports lottery instant scratch tickets, Dinggugua (頂呱刮), amounted to approximately RMB15.2 billion, representing an annual growth rate of approximately 48% compared with approximately RMB10.3 billion in 2008, and accounted for 27% of the total sports lottery sales in 2009, against 23% in 2008. This indicated that sports lottery instant scratch tickets has shown a steady trend in sales and has become an important game type in the PRC sports lottery market. Over the past year, there were 36 easy-to-play instant scratch games being launched in the PRC sports lottery market, with themes on sports, disaster relief fundraising, festivals and fundamentals. Among which the debut of instant scratch lottery tickets with face value of RMB20 has boosted the sales of scratch.

3. Sports Betting

2009 is a milestone year for the development of sports betting. The roll-out of the new single match betting sports lottery game, Jing Cai (競彩), made a breakthrough in the gaming type of China's sports lottery industry. Sales of sports betting tickets in 2009 amounted to approximately RMB6.6 billion, representing an annual growth rate of approximately 22% compared with approximately RMB5.4 billion in 2008. With reference to the experience of international lottery and gaming industry, sports betting constitutes an inevitable route of lottery market development. We believe that with further enhancement of product features, sports betting would meet the betting demand of domestic lottery players and ball game fans for major sports events, and has the potential of becoming a focal point in the lottery market.

In general, lotto games continued to maintain a leading position in the sports lottery market, while the strong sales growth in high frequency games and instant scratch lottery tickets provided new impetus to and opened a new chapter in game types for China's sports lottery sector. Looking forward to 2010, leveraging the market opportunities brought about by the forthcoming South Africa World Cup, Guangzhou Asian Games and the annual NBA games in the United States, it is expected that China's sports lottery market will step up its pace in product research and development and further improve its marketing strategies, sales channels, systems and technology to fuel the growth momentum of the lottery sales.

Lottery Regulatory Framework

At present, there are two legal lotteries in China: sports lottery issued by China Sports Lottery Administration Centre (SLAC) (established in 1994) and welfare lottery issued by China Welfare Lottery Issuing Centre (established in 1987). The government aims at raising funds for sports and social welfare development through the issuance of lottery tickets.

The State Council is vested with the power to authorize the issuance of sports lottery and welfare lottery, and is also the highest authority to grant the rights to issue lotteries. The Ministry of Finance is responsible for administering, regulating and supervising the national lottery industry. The General Administration of Sports of China and the Ministry of Civil Affairs, both reporting to the Ministry of Finance, are responsible for administering and regulating sports lottery and welfare lottery respectively, and have established SLAC and the China Welfare Lottery Issuing Centre respectively pursuant to regulations for issuance of and organizing the sales efforts of sports lottery and welfare lottery.

Lottery Regulations

On 1 July 2009, the "Regulations on Administration of Lotteries" (hereinafter the "Regulations") approved and promulgated by the State Council was being introduced in the Chinese lottery market. The Regulations, being the first administrative regulations designed to supervise the lottery industry, represents a milestone in the development of China's lottery industry and marks beginning of a new era. The Regulations, by clarifying lottery administrative system, lottery issuance and sales, drawing and prize collection, lottery fund management as well as the penalties with respect to breach of regulations, not only served to promote the regulated and healthy development of China's lottery market, but also laid a solid foundation for future innovation and breakthroughs in the Chinese lottery industry.

BUSINESS REVIEW

The Group is committed to providing a fully integrated range of solutions for the sports lottery market in China. We are mainly engaged in the provision of territorial sports lottery marketing consultancy services, retail management consultancy services, lottery game and system development, and hardware and new media business. During the period under review, the Group continued to strengthen its leading position and competitive advantages in the PRC sports lottery industry, thereby facilitating its formation of a fully integrated supply chain in the industry.

1. Territorial marketing consultancy services

In respect of territorial sports lottery marketing consultancy services, the scope of professional management and marketing consultancy services provided by the Group covers venue selection, promotion planning, sales and marketing, brand building, training and so on. On one hand, we developed new lottery sales channels, such as promotional trucks, lottery sales booths and other lottery promotion campaigns. On the other hand, efforts have been made on reinforcing lottery promotion and training, so as to promote the entertainment values of lotteries and boost lottery sales for its customers across different provinces. During the period under review, the Group succeeded in assisting its customers across different provinces to boost their sales to a level above national average, also we gained trusts and praises from these customers.

Meanwhile, by adoption of new systems for operation, finance, administration and management, the Group achieved cost savings effectively, thereby improving its overall work efficiency and market competitiveness.

2. Retail management consultancy services

During the period under review, the Group continued to assist its customers to set up and manage lottery shops “Lottery Star Shop”, and at the same time maintained close cooperation with retail chains, such as Suguo Supermarket Co., Ltd., which is the largest supermarket chain in Jiangsu province, by offering sports lottery scratch tickets through their sales outlets. As at 31 December 2009, retail outlets of the Group’s customers spanned over 8 provinces and municipality; sports lottery sales in these provinces for 2009 totaled approximately RMB18.4 billion, accounting for approximately 32% of the total lottery sales in China (source: Ministry of Finance of the PRC). Lottery games sold through these lottery shops and retail chains include lotto, scratch and the latest single match betting sports lottery games, Jing Cai (競彩). The Directors believe that such comprehensive lottery retail network will facilitate the Group to launch new lottery games and systems more effectively, and benefiting other business segments as well.

3. Game software and system

For the game software and system segment, the Group’s joint venture with Ladbroke Group (a subsidiary of a reputable United Kingdom gaming company, Ladbrokes PLC) has successfully developed the high frequency virtual car racing game, Lucky Racing (幸運賽車), and its related open sports betting platform, which are expected to launch in the market soon.

Driven by a central server (random number generator), the game selects a winner out of 12 cars. Lottery players can forecast the winner, first runner-up, second runner-up or combinations to win the corresponding prizes. It allows players to use their wits and place a bet according to virtual weather, conditions of cars and drivers, as well as win records. This high frequency game runs every 12 minutes or so and is visually displayed upon in-store monitors in lottery shops and entertainment arenas, so that lottery players can wager and watch the game and results there as a form of entertainment and pastime. It is expected that the game would meet the demand of lottery players for entertainment and sports betting, thereby helping to crack down on illegal gambling. We believe that the formal launch of the game would generate additional profit for the Group and bring in new market opportunities by facilitating the Group to launch other high frequency games via the platform.

4. *Hardware and new media*

For the hardware and new media segment, the Group announced on 5 March 2010 the acquisition of an indirect 35% equity interest in 北京長城高騰信息產品有限公司 (Beijing Greatwall GOT Information Products Co., Ltd.*) ("GOT"). Through investment in GOT, the Group would be able to further expand its business scope in the supply of sports lottery sales terminals and systems. As GOT is one of the largest terminal and system providers for sports lottery in the PRC with a client base covering over 20 provinces and cities, it is expected that the acquisition would benefit all other business segments of the Group by providing excellent opportunities to further extend its sales network coverage to more provinces and cities in the PRC.

Furthermore, considering that GOT is equipped with cutting-edge production, research and development and innovation capabilities, and has strong support by its controlling shareholder, China Electronics Corporation (China's largest state-owned I.T. enterprise), it is expected that the acquisition not only would facilitate the Group to rapidly establishing a dynamic I.T. platform to develop new sports lottery technology and capture any future market opportunities in the PRC sports lottery industry, but would also create synergy effect for the Group's current undertakings in the research and development of new sports lottery technology and new media business, such as portable lottery sales terminals and self-service terminals.

* *For identification purpose only*

OUTLOOK

It is expected that the forthcoming major sport events, including South Africa 2010 World Cup, Guangzhou 2010 Asian Games and the annual NBA games in the United States, are set to boost the sports development in China, thereby further fuelling the demand for sports lottery. Meanwhile, the introduction of the Regulations reflects the commitment of the Chinese government to supporting legal lottery and cracking down on illegal gambling amid the robust sports development nationwide, which is conducive to a favorable operational environment for the Group's advancement. Also, China's sports lottery industry is set to boom further in line with the continuous growth of the national economy.

The above factors are conducive to the expansion of the Group's business, broadening of its client base and enhancing profitability. In addition to vigorously capturing the business opportunities emerging from the rapid growth of the PRC sports lottery industry, the Group will continue to place great emphasis on maintaining close ties with major business partners. As such, the Group will continue to seek for potential business partners and forge more strategic business alliances, with a view to increasing its market share and ultimately maximizing returns for the Shareholders.

REVIEW OF OPERATING RESULTS

Revenue and profitability

Revenue of the Group for the period under review amounted to approximately HK$33.8 million (for the year ended 30 June 2009: revenue restated amounted to approximately HK$59.0 million). All revenue for the period under review was derived from provision of sports lottery management and marketing consultancy services and supply of sports lottery sales terminals (and accessories). During the period under review, the gross profit percentage stood at approximately 60.9% (for the year ended 30 June 2009: the gross profit percentage was approximately 41.1%). The increase in gross profit percentage was due to the effect of strict costs control measures carried out by the Group for the period.

Loss attributable to owners of the Company for the period under review amounted to approximately HK$35.4 million, primarily due to (i) the share-based payments (totalling approximately HK$12.8 million) as a result of the adoption of Hong Kong Financial Reporting Standard 2 *Share-based Payment* for share options of the Company granted to Directors, eligible employees and other eligible participants under the Share Option Scheme of the Company; (ii) the amortisation of other intangible assets (totalling approximately HK$19.7 million); and (iii) profit on disposal of discontinued operation (Enterprise solutions) of approximately HK$8.9 million in which approximately HK$11.1 million is mainly due to release of related contributed surplus reserve from equity to profit or loss account.

Capital resources and liquidity

Net bank balances and cash at 31 December 2009 were approximately HK$141.5 million (at 30 June 2009: approximately HK$171.7 million). The total assets and net current assets of the Group at 31 December 2009 were approximately HK$1,036.0 million and approximately HK$201.2 million respectively.

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

Capital commitments

	At 31 December 2009 *HK$*	At 30 June 2009 *HK$*
Contracted but not provided for:		
Research and development expenditures	**1,241,861**	–

Charges on Group's assets

At 31 December 2009, there was no charge on the assets of the Group.

Foreign exchange exposure

At 31 December 2009, the Group's bank deposits denominated in Hong Kong Dollars and Renminbi. 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, the Group faced minimal exchange rate risk during the period under review.

Contingent liabilities

At 31 December 2009, the Group had no material contingent liabilities.

Employees' information

At 31 December 2009, the Group had 167 (at 30 June 2009: 214) employees in Hong Kong and the PRC. Total staff costs (excluding Directors' emoluments) for the period ended 31 December 2009 amounted to approximately HK$9.9 million.

The Group's remuneration policies are formulated on the basis of performance and experience of individual employees and are in line with local market practices. In addition to salary, the Group also offers to its employees other fringe benefits including year-end bonus, Share Option Scheme, contributory provident fund, social security fund, medical benefits and training.

AUDIT COMMITTEE

The audit committee of the Company comprises three independent non-executive Directors, namely, Mr. Kwok Wing Leung Andy, Mr. Wang Ronghua and Mr. Hua Fengmao. The audited consolidated results of the Group for the period ended 31 December 2009 have been reviewed and commented on by the audit committee.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining high standards of corporate governance in order to uphold the transparency of the Group and safeguard interests of the Shareholders.

During the 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 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.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the period under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this announcement, based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float of the Shares, representing not less than 25% of the total issued Shares as required under the GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

"Board"	means the board of Directors
"Company"	means AGTech Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on GEM
"Director(s)"	means the director(s) of the Company
"GEM"	means the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
"GEM Listing Rules"	means the Rules Governing the Listing of Securities on GEM
"Group"	means the Company and its subsidiaries
"Hong Kong"	means the Hong Kong Special Administrative Region of the PRC
"Macao"	means the Macao Special Administrative Region of the PRC
"PRC" or "China"	means the People's Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macao and Taiwan
"Share Option Scheme"	means the share option scheme of the Company adopted on 18 November 2004

"Share(s)"	means ordinary share(s) of HK$0.002 each in the share capital of the Company
"Shareholder(s)"	means holder(s) of the Share(s)
"SLAC(s)"	means China Sports Lottery Administration Centre(s)
"Stock Exchange"	means The Stock Exchange of Hong Kong Limited
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"%"	per cent

Note: In this announcement, the exchange rate of HK$1.136 to RMB1.00 has been used for reference only.

By order of the Board
AGTech Holdings Limited
Sun Ho
Chairman

Hong Kong, 23 March 2010

As at the date of this announcement, the Board comprises (i) Mr. Sun Ho, Mr. Robert Geoffrey Ryan, Mr. Bai Jinmin and Mr. Liang Yu as executive Directors; (ii) Ms. Yang Yang as non-executive Director; and (iii) Mr. Wang Ronghua, Mr. Hua Fengmao and Mr. Kwok Wing Leung Andy as independent non-executive Directors.

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