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AGTech Holdings Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 8279

Annual Report 2007

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This report, 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 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 report 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 report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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Note: In the event of any inconsistency, the English text of this annual report shall prevail over the Chinese text.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Sun Ho *(Chairman)*
Robert Geoffrey Ryan
Bai Jinmin

Independent Non-executive Directors

Kwok Wing Leung Andy
Wang Ronghua
Hua Fengmao

AUTHORISED REPRESENTATIVES

Sun Ho
Mak Tak Ping

COMPANY SECRETARY

Mak Tak Ping

QUALIFIED ACCOUNTANT

Lo Kei Chi

COMPLIANCE OFFICER

Sun Ho

AUDIT COMMITTEE

Kwok Wing Leung Andy *(Chairman)*
Wang Ronghua
Hua Fengmao

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants
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Hong Kong

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Credit Suisse
UBS AG

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SHARE REGISTRARS IN HONG KONG

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1 Queen's Road East
Hong Kong

STOCK CODE

8279

Corporate Profile

AGTech Holdings Limited (the "Company", together with its subsidiaries, the "Group") is an investment holding company incorporated in Bermuda and its issued shares are listed on GEM of the Stock Exchange. The Group is a fully integrated solutions provider for the sports lottery sector in the People's Republic of China (the "PRC"). The products and services now offered by the Group include the supply of sports lottery sales terminals and the provision of sports lottery management consultancy services, sports lottery information technology and payment solutions, software games and system, enterprise solutions for digital image processing system and related maintenance services for customers in the PRC and the Macao Special Administrative Region of the PRC ("Macao").

Chairman's Statement

On behalf of the board (the "Board") of directors of the Company (the "Directors"), I am pleased to present the annual report of the Group for the year ended 30 June 2007.

Having officially changed our Company name in February this year, the new identification perfectly coincides with our successful transformation of the Group into a fully integrated solutions provider for the sports lottery market of the PRC. The importance of this change cannot be overlooked considering the vast opportunities that the PRC lottery industry presents. While Welfare Lottery and Sports Lottery were only introduced in China in 1987 and 1994 respectively, this combined area of businesses has expanded exponentially, reaching a compound annual growth rate of over 30 per cent during the past ten years, according to findings by China Center for Lottery Studies of Peking University, the PRC. In fact, Chinese lottery players spent over 70 billion yuan on lotteries for the year of 2005. However, what is more astonishing is the level of illegal betting that occurred in 2005, estimated at upwards of 700 billion yuan – equivalent to approximately ten times the amount spent on state-run lotteries. Undoubtedly, the gaming market will grow even larger, spurred by the upcoming 2008 Beijing Olympic Games which will serve as catalyst for elevating the country's sports lottery industry to one of the largest in the world.

We are well-positioned to capture the enormous opportunities that exist, and we possess the technologies, experience, skills and creativity to assist authorised lottery operators in the PRC. The Group has also realised several significant partnerships which have further bolstered our capabilities. In January 2007, we successfully entered into an agreement to form a joint venture company with a wholly-owned subsidiary of Ladbrokes plc, one of the world's largest fixed odds betting companies and the largest betting shop chain operator in the United Kingdom, to co-develop lottery games through such joint venture company, Asia Gaming Technologies Limited. Two months later, we entered into an agreement to subscribe for an approximate 20.69% stake in 上海卡友信息服務有限公司 (Shanghai Cardinfo Co., Ltd.), a subsidiary of 中國銀聯股份有限公司 (China UnionPay Company Limited), thereby allowing us to capitalise on their fixed-line telephone-based payment system with a view to pioneering and facilitating cashless lottery purchases by players. By May this year, we further reinforced our business platform by acquiring the entire issued share capital of SHINING CHINA INC, a company which (through its wholly-owned subsidiary) possesses management consultancy agreements with a sports lottery sales operator that is authorised by three provincial and municipal Sports Lottery Administration Centres ("SLACs") in the PRC and also provides marketing strategy as well as advice on promotion and sales management among other expertise. In addition, our handheld lottery sales device, self-developed by 北京思德泰科科技發展有限公司 (Beijing Systek Science & Technology Development Co., Ltd), a subsidiary of the Company, will enable our customers (i.e. authorised lottery operators in the PRC) to sell lottery tickets where potential players congregate, such as leisure venues, as well as allowing such customers to directly reach players that were previously inaccessible due to location constraints. With the strength of new management, new business infrastructure, and the effective implementation of an organic growth strategy that is enhanced by strategic acquisitions, the Group maintains a positive outlook on the opportunities ahead.

Chairman's Statement

While rolling out our newly established business lines and raising the profitability of the Group remain our first and foremost priorities, we will not renege on our commitment to society and will continue to introduce 'responsible games' that allow the public to enjoy healthy and legitimate lottery entertainment that enriches their lives. Our products and services are aimed at assisting the PRC government to generate greater sports lottery revenue which is in turn used to support sports development as well as charities that help the needy, thereby bridging the divide between rich and poor. Such efforts are also consistent with our aspiration of bringing 'Fortune', 'Health', 'Happiness', 'Luck' and 'Responsibility' to society.

On behalf of the Board, I would like to take this opportunity to extend my gratitude to our customers, suppliers, shareholders and business partners. Likewise, the management team and staff should be lauded for their tireless efforts.

Sun Ho
Chairman

Hong Kong, 24 September 2007

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 of the Company.

The Company has adopted the code provisions and certain recommended best practices in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 15 of the GEM Listing Rules. The Company has applied the principles of the Code in different respects, including but not limited to:

- the frequency and proper conduct of Board meetings;
- the well-balanced composition of the Board, with independent non-executive Directors representing not less than one-third of the total number of Directors at all times;
- the proper procedures for appointment and re-election of Directors;
- the establishment of an audit committee to review the financial reporting and internal controls of the Group;
- the establishment of a remuneration committee to review the remuneration policy and other remuneration-related matters for Directors and senior management of the Group;
- the establishment of a nomination committee to formulate nomination policy and make recommendations to the Board on any proposed appointment of Directors and to assess the independence of the independent non-executive Directors on a regular basis;
- the provision of briefing on the relevant requirements of the GEM Listing Rules and the Securities and Futures Ordinance to all newly appointed Directors;
- the timely supply of sufficient information to Directors for matters seeking their approval or opinions;
- the timely publications of announcements, annual, interim and quarterly results and reports to keep the shareholders of the Company posted of the latest business developments and financial performance of the Group; and
- the holding of an annual general meeting each year to meet with the shareholders and answer their enquiries.

During the year ended 30 June 2007, the Company complied with the Code, except (as similarly disclosed on page 6 of the Company's annual report for the year ended 30 June 2006) that:

- Under the code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The roles of chairman and chief executive officer of the Company were performed by the same individual: namely, the former Director, Mr. José Manuel dos Santos, for the period from 1 July 2006 to 18 July 2006, and the existing Director, Mr. Sun Ho, for the period from 19 July 2006 to 30 June 2007. The Company considered that the combination of the roles of chairman and chief executive officer could effectively formulate and implement the strategies of the Company. The Company considered that under the supervision of its Board and its independent non-executive Directors, a balancing mechanism existed so that the interests of shareholders were adequately and fairly represented. The Company considered that there was no imminent need to change the arrangement.

- Under the code provision A.4.2, every Director should be subject to retirement by rotation at least once every three years. During the year under review, the chairman of the Board was not subject to retirement by rotation, as the Board considered that the continuity of the office of the chairman provided the Group with strong and consistent leadership and was of great importance to the smooth operations of the Group.

DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had made specific enquiry of all Directors and was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding Directors' securities transactions during the year under review.

THE BOARD

Being the highest decision-making body of the Company, the Board is responsible for the Group's corporate policy formulation, business strategies planning, business development, risk management, material acquisitions, disposals and capital transactions, and other significant operational and financial matters. Major corporate matters that are specifically delegated by the Board to the management include the preparation of annual, interim and quarterly accounts for Board approval before public reporting, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements and rules and regulations.

During the year ended 30 June 2007, the members of the Board comprised:

For the period from 1 July 2006 to 18 July 2006:

Executive Directors:	Mr. José Manuel dos Santos *(Chairman)* Mr. Mok Chi Va Mr. Kuok Cheong Ian
Non-executive Directors:	Mr. Yim Hong Mr. Kuan Kin Man
Independent non-executive Directors:	Mr. Chui Sai Cheong Mr. Tsui Wai Kwan Mr. Tam Pak Yip

To the best of the knowledge of the Directors, there were no financial, business, family or other material relationships among the above members of the Board for the period from 1 July 2006 to 18 July 2006, except that Mr. José Manuel dos Santos, Mr. Yim Hong, Mr. Kuan Kin Man and Mr. Chui Sai Cheong are all directors of Vodatel Networks Holdings Limited, the shares of which are listed on GEM.

All the above Directors resigned from the Board with effect from 19 July 2006.

For the period from 19 July 2006 to 30 June 2007:

Executive Directors:	Mr. Sun Ho *(Chairman)* Mr. Kot Wai Ming *(resigned with effect from 9 July 2007)* Mr. Robert Geoffrey Ryan *(appointed with effect from 21 May 2007)*
Independent non-executive Directors:	Mr. Kwok Wing Leung Andy Mr. Wang Ronghua Mr. Hua Fengmao

Subsequent to the year end date of 30 June 2007, Mr. Bai Jinmin was appointed as executive Director with effect from 19 September 2007.

To the best of the knowledge of the Directors, there are no financial, business, family or other material relationships among the members of the Board except that the former Director, Mr. Kot Wai Ming, is the brother-in-law of Mr. Sun Ho. During the year under review, there were three independent non-executive Directors (representing not less than one-third of the total number of Directors) at all times and at least one of them possesses the appropriate professional qualifications or accounting or related financial management expertise as required under Rule 5.05(2) of the GEM Listing Rules.

The Board meets at least four times a year to review the financial and operating performance of the Group. The Directors participated in person or through other electronic means of communication. At least 14 days' notice of all regular Board meetings is given to all Directors while reasonable notice is generally given for other Board meetings. All Directors were given an opportunity to include matters in the agenda for discussion. The company secretary assists the chairman in the preparation of the agenda for the meeting, and ensures that all applicable rules and regulations regarding the meetings are observed. The company secretary records the proceedings of each Board meeting in details by keeping detailed minutes. Drafts of board minutes are circulated to all Directors for comments and approval as soon as practicable after the meetings. All minutes are open for inspection at any reasonable time on request by any Director.

6 Board meetings were held during the year ended 30 June 2007. The attendance record of each Director is as follows:

Mr. Sun Ho	6/6
Mr. Kot Wai Ming	6/6
Mr. Kwok Wing Leung Andy	4/6
Mr. Wang Ronghua	4/6
Mr. Hua Fengmao	3/6

Note: Mr. Robert Geoffrey Ryan was appointed as executive Director on 21 May 2007 and no Board meeting was held since then until 30 June 2007.

The Board has the ultimate responsibility for the preparation of financial statements of the Group. For the year ended 30 June 2007, the Board was not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Board continued to adopt the going concern approach in preparing the financial statements for the year ended 30 June 2007, for which the auditors of the Company have reporting responsibilities as stated in the report of the auditors on page 37.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the year ended 30 June 2007, the roles of chairman and chief executive officer of the Company were performed by the same individual: namely, the former Director, Mr. José Manuel dos Santos, for the period from 1 July 2006 to 18 July 2006, and the existing Director, Mr. Sun Ho, for the period from 19 July 2006 to 30 June 2007. The Company considered that the combination of the roles of chairman and chief executive officer could effectively formulate and implement the strategies of the Company. The Company considered that under the supervision of its Board and its independent non-executive Directors, a balancing mechanism existed so that the interests of shareholders were adequately and fairly represented. The Company considered that there was no imminent need to change the arrangement.

NON-EXECUTIVE DIRECTORS

The Company has received, from each of the existing independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers that all of such independent non-executive Directors are independent. Each of such independent non-executive Directors was appointed by way of a director's service agreement dated 19 July 2006 for an initial term of two years which shall continue thereafter subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with its bye-laws or unless and until terminated by either party to such agreement giving the other party not less than one month's written notice to terminate such appointment.

REMUNERATION OF DIRECTORS

The remuneration committee was established on 24 June 2005. During the year under review, for the period from 1 July 2006 to 18 July 2006, the chairman of the committee was Mr. Chui Sai Cheong, and other members were Mr. Tsui Wai Kwan and Mr. Tam Pak Yip, all being the former independent non-executive Directors. All the aforesaid members of the remuneration committee resigned with effect from 19 July 2006.

For the period from 19 July 2006 to 30 June 2007, Mr. Kot Wai Ming, Mr. Kwok Wing Leung Andy, Mr. Wang Ronghua and Mr. Hua Fengmao were appointed as members of the remuneration committee. The current chairman of the remuneration committee is Mr. Kwok Wing Leung Andy. Mr. Kot Wai Ming resigned as member of the remuneration committee with effect from 9 July 2007. Except for the former executive Director, Mr. Kot Wai Ming, all other members of the remuneration committee were independent non-executive Directors.

The remuneration committee is responsible for formulating and recommending to the Board the remuneration policy, determining the remuneration of executive Directors and members of senior management of the Group, as well as reviewing and making recommendations on the Company's share option scheme, bonus structure, provident fund and other compensation-related issues. The committee consults with the chairman/chief executive officer on its proposal and recommendations, and also has access to professional advice if deemed necessary by the committee. The committee is also provided with other resources enabling it to discharge its duties.

The specific terms of reference of the remuneration committee are posted on the website of the Company and are available to shareholders of the Company upon request.

During the year ended 30 June 2007, one meeting was held by the remuneration committee for approval of the grant of share options of the Company to certain employees and consultants of the Group pursuant to the share option scheme of the Company adopted on 18 November 2004 (the "Share Option Scheme"). Record of individual attendance is as follows:

Mr. Kot Wai Ming	1/1
Mr. Kwok Wing Leung Andy	1/1
Mr. Wang Ronghua	0/1
Mr. Hua Fengmao	0/1

Each of the existing independent non-executive Directors, Mr. Kwok Wing Leung Andy, Mr. Wang Ronghua and Mr. Hua Fengmao, shall be entitled to HK$100,000 per annum as director's fee (without any bonus payment) which has been determined on an arm's length basis between the parties involved with reference to the prevailing market fee range for independent non-executive directors of listed issuers in Hong Kong. As incentives for their future contributions to the Group, each of the existing independent non-executive Directors was also granted a share option under the Share Option Scheme entitling him to subscribe for up to 2,675,000 shares of HK$0.002 each in the share capital of the Company ("Shares") at the exercise price of HK$0.056 each (subject to adjustment). All such options were exercised by these independent non-executive Directors during the year under review.

During the year under review, each of the existing executive Director, Mr. Sun Ho, and the former executive Director, Mr. Kot Wai Ming, received a director's fee of HK$10,000 per month (except for Mr. Sun Ho whose director's fee was increased to HK$300,000 per month from June 2007 onwards) and was entitled to a discretionary year-end bonus payment based on his performance and responsibilities as well as the annual financial performance of the Group. As incentives for their future contributions to the Group, each of Mr. Sun Ho and Mr. Kot Wai Ming was also granted a share option under the Share Option Scheme entitling him to subscribe for up to 26,750,000 Shares at the exercise price of HK$0.056 each (subject to adjustment). Both Mr. Sun and Mr. Kot exercised their options in full during the year. The emoluments of Mr. Sun Ho and Mr. Kot Wai Ming were determined on an arm's length basis between the parties involved and were subject to review from time to time by the remuneration committee of the Company with reference to their respective performances and responsibilities as well as the annual financial performance of the Group.

With effect from 21 May 2007, Mr. Robert Geoffrey Ryan was appointed as executive Director. He shall be entitled to a remuneration package comprising a basic salary, a year-end bonus and housing allowance totalling approximately HK$2.2 million per annum (which package was mutually agreed with reference to his experience, duties and responsibilities and the market benchmark) plus a discretionary bonus which shall be determined based on the business performance of the Company and his own performance. As incentives for his future contributions to the Group, Mr. Ryan was also granted a share option under the Share Option Scheme entitling him to subscribe for up to 26,750,000 Shares at the exercise price of HK$1.40 each (subject to adjustment). Such option has not been exercised by Mr. Ryan. The remuneration package of Mr. Ryan was determined on an arm's length basis between the parties involved and shall be subject to review from time to time by the remuneration committee of the Company with reference to his performance and responsibilities as well as the annual financial performance of the Group.

NOMINATION OF DIRECTORS

The nomination committee was established on 24 June 2005. During the year under review, for the period from 1 July 2006 to 18 July 2006, the chairman of the committee was Mr. José Manuel dos Santos, the former chairman and executive Director, and other members included Mr. Chui Sai Cheong, Mr. Tsui Wai Kwan and Mr. Tam Pak Yip, the former independent non-executive Directors. All the aforesaid members of the nomination committee resigned with effect from 19 July 2006.

For the period from 19 July 2006 to 30 June 2007, Mr. Sun Ho, Mr. Kwok Wing Leung Andy, Mr. Wang Ronghua and Mr. Hua Fengmao were appointed as members of the nomination committee. The current chairman of the nomination committee is Mr. Kwok Wing Leung Andy. Except for the executive Director, Mr. Sun Ho, all other members of the nomination committee were independent non-executive Directors.

The nomination committee is responsible for formulating nomination policy, and making recommendations to the Board on nomination and appointment of Directors and Board succession. The committee will also develop selection procedures for nomination of candidates, review the size, structure and composition of the Board, as well as assess the independence of independent non-executive Directors. The committee is provided with sufficient resources enabling it to discharge its duties.

Any member of the nomination committee is authorised to identify suitable candidates for the position of Director when there is a vacancy or an additional Director is considered necessary. Once identified, the member of the nomination committee will propose the appointment of such candidates to the nomination committee which will review the qualifications, experience and background of the relevant candidates for determining the suitability to the Group. The candidates approved by the nomination committee will then be proposed to the entire Board for final approval and, where appropriate, for recommendation to the shareholders for their approval at the general meeting of the Company.

The specific terms of reference of the nomination committee are posted on the website of the Company and are available to shareholders of the Company upon request.

No meetings were held by the nomination committee during the year under review.

AUDITORS' REMUNERATION

Remuneration to auditors of the Company, Deloitte Touche Tohmatsu, amounted to HK$800,000 for the year ended 30 June 2007. The Group also paid HK$13,800 to Deloitte Touche Tohmatsu for the tax compliance work of the Company and certain subsidiaries for the year of assessment 2006/2007.

AUDIT COMMITTEE

The Company has established an audit committee with its written terms of reference posted on the website of the Company and available to shareholders of the Company upon request. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control systems of the Group, consider the appointment or re-appointment of auditors and provide advice and comments on the Group's draft annual reports and accounts, interim reports and quarterly reports to the Board.

During the year under review, for the period from 1 July 2006 to 18 July 2006, the chairman of the audit committee was Mr. Chui Sai Cheong, and other members were Mr. Tsui Wai Kwan and Mr. Tam Pak Yip, all being the former independent non-executive Directors. All the aforesaid members of the audit committee resigned with effect from 19 July 2006.

For the period from 19 July 2006 to 30 June 2007, the three independent non-executive Directors, Mr. Kwok Wing Leung Andy, Mr. Wang Ronghua and Mr. Hua Fengmao were appointed as members of the audit committee, with Mr. Kwok being appointed as the chairman of such committee.

Four meetings were held during the year under review. Record of individual attendance is as follows:

Mr. Kwok Wing Leung Andy	4/4
Mr. Wang Ronghua	4/4
Mr. Hua Fengmao	3/4

The Group's draft unaudited quarterly and interim results, and audited annual results were reviewed by the audit committee during the year ended 30 June 2007, and the committee was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures had been made. Apart from approving the appointment of Deloitte Touche Tohmatsu as auditors of the Company, the audit committee also attended a meeting with the auditors to discuss the final results of the Group, audit status and ways to enhance the internal controls of the Company. Both the audit committee and the Board recommended and approved the appointment of Deloitte Touche Tohmatsu as auditors of the Company for the year ended 30 June 2007.

INTERNAL CONTROL

The Board is responsible for maintaining sound and effective internal control systems to safeguard the assets of the Group and shareholders' interests, as well as for reviewing the effectiveness of such systems. The Board has delegated to the management the implementation of the internal control systems and reviewing of all relevant financial, operational, compliance controls and risk management functions.

During the year under review, the Group implemented new measures to enhance its internal controls, including:

- conducting site visits to review the internal control systems of certain principal subsidiaries (including those newly acquired by the Group during the financial year) of the Company in the PRC and Macao;

- implementing new policies, procedures and documentation requirements on internal controls over assets, payment of expenses and purchases; and

- installing and implementing a new accounting system to cater for the business expansion of the Group.

SHAREHOLDERS RELATIONS

The Group is committed to maintaining a high level of transparency and employs a policy of open and timely disclosure of relevant information to its shareholders.

The Board strives to encourage and maintain constant dialogue with its shareholders through various means. The Directors host the annual general meeting each year to meet the shareholders and answer their enquiries. The Company also updates its shareholders on the Group's latest business developments and financial performance through announcements as well as annual, interim and quarterly reports. The corporate website of the Company has provided an effective communication platform to the public and the shareholders.

REVIEW OF BUSINESS ACTIVITIES

PRC – Building on solid ground

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

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

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

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

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

Macao – Preserving valued ties

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

PROSPECTS

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

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

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

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

REVIEW OF OPERATING RESULTS

Turnover and profitability

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

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

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

Capital resources and liquidity

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

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

Capital commitments

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

Charges on Group's assets

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

Foreign exchange exposure

As at 30 June 2007, the Group held cash and bank deposits denominated in Hong Kong Dollars, Renminbi and Macao Patacas. Since all of its revenue-generating operations, monetary assets and liabilities of the Group are conducted or transacted substantially in Hong Kong Dollars and Renminbi, which is not freely convertible into foreign currencies, and Macao Patacas, which is considered as a stable currency under the control of the Government of Macao, the Group faced minimal exchange rate risk during the year.

Contingent liabilities

As at 30 June 2007, there were no material contingent liabilities.

Employees' information

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

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

OTHER PRINCIPAL CORPORATE EXERCISES COMPLETED DURING THE YEAR

Fund raising exercises

In October 2006 and May 2007, the Company undertook a placing of 210,520,000 new Shares at a placing price of HK$0.26 each as well as a placing and top-up subscription in respect of 339,460,000 Shares at a placing/subscription price of HK$1.77 each, raising net proceeds of approximately HK$54.1 million and approximately HK$581 million respectively. All the placees in respect of the aforesaid placing exercises were third parties independent of and not connected with the Company and the directors, chief executive, management shareholders or substantial shareholders of the Company or its subsidiaries, or any of their respective associates (as defined under the GEM Listing Rules).

Set out below was the status of the use of proceeds from the aforesaid fund raising exercises as at 30 June 2007:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
17 October 2006	Placing of 210,520,000 new Shares at HK$0.26 per Share (the "First Placing")	Approximately HK$54.1 million *(Note 1)*	(i) HK$10 million as general working capital of the Group; and (ii) the remaining balance of approximately HK$44.1 million for investments by the Group.	• Approximately HK$5.4 million was used as general working capital of the Group; • HK$10 million was used for the acquisition of the entire issued share capital of SYSTEK LTD as announced by the Company on 1 December 2006; • HK$5.1 million was used as the Group's capital contribution in a joint venture company with Ladbroke Group as announced by the Company on 23 January 2007; and • HK$20 million was used for further investment in a wholly-owned subsidiary of the Company in the PRC.
30 May 2007	Placing and top-up subscription of 339,460,000 Shares at HK$1.77 per Share (the "Top-up Placing")	Approximately HK$581 million *(Note 2)*	(i) approximately HK$100 million as general working capital and for capital expenditure of the Group to cater for its expansion into the sports lottery market of the PRC; and (ii) the remaining balance of approximately HK$481 million for investments by the Group.	• approximately HK$311 million was used for the acquisition of the entire issued share capital of SHINING CHINA INC as announced by the Company on 16 May 2007.

Notes:

1. As at 30 June 2007, a total of approximately HK$13.6 million remained unutilised from the proceeds raised from the First Placing. It is intended that approximately HK$4.6 million of such HK$13.6 million will be used as general working capital of the Group and the remaining approximately HK$9 million will be used for investments by the Group as previously announced by the Company on 17 October 2006. The aforesaid approximately HK$13.6 million is currently placed as deposits in the Group's bank accounts.

2. As at 30 June 2007, a total of approximately HK$270 million remained unutilised from the proceeds raised from the Top-up Placing. It is intended that approximately HK$100 million of such HK$270 million will be used as general working capital and for capital expenditure of the Group and the remaining approximately HK$170 million will be used for investments by the Group as previously announced by the Company on 30 May 2007. The aforesaid approximately HK$270 million is currently placed as deposits in the Group's bank accounts.

Share subdivision

With effect from 24 October 2006, each of the issued and unissued shares of HK$0.01 each in the share capital of the Company has been subdivided into five Shares of HK$0.002 each. The authorised share capital of the Company amounts to HK$10,000,000, divided into 5,000,000,000 Shares of HK$0.002 each.

Change of Company name, share premium reduction, share option scheme limit refreshment and change of board lot size

Pursuant to resolutions passed by the shareholders of the Company at its special general meeting held on 27 February 2007:

- under the laws of Bermuda, the name of the Company was changed from "MegaInfo Holdings Limited" to "AGTech Holdings Limited" (with "亞博科技控股有限公司" being adopted as its new Chinese name for identification purpose only). The certificate of incorporation on change of name was issued by the Registrar of Companies in Bermuda on 1 March 2007 and the certificate of registration of change of name of overseas company was issued by the Registrar of Companies in Hong Kong on 21 March 2007. The stock short name for trading in the Shares on GEM was changed from "MEGAINFO" to "AGTECH HOLDINGS" in English and from "萬佳訊" to "亞博科技控股" in Chinese with effect from 2 April 2007. The stock code of "8279" of the Company remains unchanged;

- the entire amount standing to the credit of the share premium account of the Company on 27 February 2007 was reduced, with part of the credit arising therefrom having been applied to offset against the accumulated losses of the Company as at 31 January 2007 in full and the remaining balance of the credit being credited to the contributed surplus account of the Company; and

- the 10% limit on the grant of options under the share option scheme adopted by the Company on 18 November 2004 was refreshed.

In addition, the board lot size for trading in the Shares was changed from 20,000 Shares to 4,000 Shares with effect from 9:30 a.m. on Monday, 26 February 2007.

DIRECTORS

Mr. Sun Ho – Executive Director and Chairman

Mr. Sun Ho, aged 38, is the executive director and chairman of the Company as well as authorised representative, compliance officer and member of the nomination committee of the Company.

Mr. Sun has extensive experience in the financial management of enterprises. He holds a bachelor degree in Economics from the University of Sydney in Australia and a master degree in Corporate Finance from the Hong Kong Polytechnic University. Mr. Sun is a member of CPA Australia and the Hong Kong Institute of Certified Public Accountants. As a part-time researcher of the China Center for Lottery Studies, Peking University, Mr. Sun has undertaken and completed a number of significant research studies regarding the development and future prospects of the Asia Pacific's gaming markets. Mr. Sun has always dedicated himself to the development of China's lottery markets.

Mr. Sun is also the non-executive director of China LotSynergy Holdings Limited, the issued shares of which are listed on GEM of the Stock Exchange. Mr. Sun was previously an executive director of Burwill Holdings Limited, the issued shares of which are listed on the Main Board of the Stock Exchange and had worked for KPMG, an international accounting firm, where he was involved in the auditing and due diligence activities for clients.

Mr. Robert Geoffrey Ryan – Executive Director

Mr. Robert Geoffrey Ryan, aged 49, is the head of gaming and executive director of the Company. He is also a director of Asia Gaming Technologies Limited, an indirect 51%-owned subsidiary of the Company, and its wholly-owned subsidiary, 亞博泰科科技(北京)有限公司 (Asia Gaming Technologies (Beijing) Co., Ltd).

Mr. Ryan brings to the Company over 15 years of experience in senior roles within the international gaming and wagering industry. Mr. Ryan has accumulated a broad range of operational, business development and implementation expertise across industry sectors including sports betting operations, on-line lottery operations, pari-mutuel and fixed odds wagering, electronic gaming machine (EGM) and video lottery terminal (VLT) operations, casino operations and gaming systems implementation/integration. Through his tenure with Australia's leading gaming companies, Tabcorp Holdings Limited (Australia's largest gaming and wagering company), Jupiters Limited (casinos and hospitality) and AWA Limited (gaming systems), Mr. Ryan has developed and/or managed gaming operations within Asia and the Asia Pacific region including India, Malaysia, Philippines, Vietnam and Thailand. Most recently in his capacity as Regional Manager, Mr. Ryan was instrumental over a 3-year campaign to have Tabcorp systems, lottery game designs and operations approved in China at the central government level. Mr. Ryan shall provide advice and assistance to the Group with respect to gaming operations design and implementation, business development and gaming business review.

Mr. Bai Jinmin – Executive Director

Mr. Bai Jinmin, aged 41, is the executive director of the Company. He is also a director of 世紀星彩企業管理有限公司 (China Lottery Management Co., Ltd.) and 廣東亞博星彩信息技術有限公司 (Guangdong AGTech Information Technology Co., Ltd.), both being indirect wholly-owned subsidiaries of the Company, responsible for their business development, strategic planning and supervision of their operations.

Mr. Bai has over 13 years of experience in business development, investment, corporate management and strategic planning. Prior to joining the Group, Mr. Bai was the director of Louis DreFus Energy (SPEC) Pte Ltd., managing director of SPEC Overseas (Holdings) Pte Ltd., vice president of Shenzhen Petrochemical Industry (Holdings) Co., Ltd., chairman of Shenzhen GETOS Fine Silicons Co., Ltd., director of Sinoying Logistics Pte Ltd. and executive director of STAR Pharmaceutical Limited, the issued shares of which are listed on Singapore Exchange Limited.

Mr. Bai holds a bachelor degree in Engineering from 杭州電子工業學院 (the Electronics Institute of Hangzhou), the PRC (now known as Hangzhou Dianzi University (杭州電子科技大學) and a master degree in Business Administration from the National University of Singapore.

Mr. Wang Ronghua – Independent Non-executive Director

Mr. Wang Ronghua, aged 62, is the chief representative of Treasury Holdings China Limited in Beijing. He was appointed as independent non-executive director as well as member of each of the audit, remuneration and nomination committees of the Company on 19 July 2006.

Mr. Wang graduated from the Beijing Institute of Foreign Trade. Prior to the appointment as independent non-executive Director, Mr. Wang held various positions in the PRC Government. Mr. Wang was the general manager of Beijing Personnel Service Corporation for Diplomatic Missions, the general manager of China Jiaoyuan Corporation for International Economic and Technical Cooperation, the first deputy director general of Beijing Service Bureau for Diplomatic Missions and an ambassador of the PRC to the Republic of Iceland. Thereafter, Mr. Wang joined Shanghai Institute of International Finance as vice president and was the chief operating officer of Shanghai Sinoman Industrial (Group) Ltd.

Mr. Hua Fengmao – Independent Non-executive Director

Mr. Hua Fengmao, aged 39, is the founding partner and managing director of China Finance Strategies Limited. He was appointed as independent non-executive Director as well as member of each of the audit, remuneration and nomination committees of the Company on 19 July 2006.

Mr. Hua obtained a bachelor degree and a master degree in English Language & Literature from the Shanghai International Studies University, Shanghai, the PRC. Mr. Hua obtained a master degree in Business Administration from the International University of Japan, Niigata, Japan. Prior to founding China Finance Strategies Limited, Mr. Hua held various positions in various investment banks. Mr. Hua was the managing director of investment banking of CLSA Equity Capital Markets Limited, the general manager of Cazenova Asia Limited, manager of ICEA Capital Limited and associate investment banking officer of Bank of America NT&SA.

Mr. Kwok Wing Leung Andy – Independent Non-executive Director

Mr. Kwok Wing Leung Andy, aged 33, has over 10 years of local and overseas financial and general management experiences and has experience in the trading business in the PRC. He was appointed as independent non-executive Director as well as member of each of the audit, remuneration and nomination committees of the Company on 19 July 2006.

Mr. Kwok holds a master degree in Business Administration from Tsinghua University, the PRC and a bachelor degree in Economics from the University of Sydney in Australia. Mr. Kwok is a member of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia. Mr. Kwok is also the chairman of Nubrands Group Holdings Limited, the issued shares of which are listed on the Main Board of the Stock Exchange.

SENIOR MANAGEMENT

Mr. Shen Weihong

Mr. Shen Weihong is the director of SYSTEK LTD, 北京思德泰科科技發展有限公司 (Beijing Systek Science & Technology Development Co., Ltd.), 世紀星彩企業管理有限公司 (China Lottery Management Co., Ltd.), 廣東亞博星彩信息技術有限公司 (Guangdong AGTech Information Technology Co., Ltd.), all being wholly-owned subsidiaries of the Company. He is also the director of Asia Gaming Technologies Limited, an indirect 51%-owned subsidiary of the Company, and its wholly-owned subsidiary 亞博泰科科技(北京)有限公司 (Asia Gaming Technologies (Beijing) Co., Ltd.), responsible for their business development, strategic planning and supervision of their operations.

Mr. Shen has extensive experience in corporate strategy, business planning, acquisitions and mergers, business development, finance and corporate finance. Prior to joining the Group, Mr. Shen was a senior corporate management consultant and project manager of KPMG Consulting (now known as BearingPoint Consulting Co.), providing advisory services to international financial institutions and multinational companies on commerce, finance and corporate management. Prior to that, Mr. Shen was the director of the business development division of Theracor Pharmaceuticals Inc., an adviser to China Brilliance Group and a senior researcher and senior business analyst of Biogen Inc.

Mr. Shen holds a bachelor degree in Biotech Engineering from East China University of Science and Technology as well as a master degree in Business Administration from Babson College.

Mr. Zhang Libo

Mr. Zhang Libo is the general manager of 北京思德泰科科技發展有限公司 (Beijing Systek Science & Technology Development Co., Ltd.), a wholly-owned subsidiary of the Company, responsible for its business development, market development, system and technology development as well as supervision of its daily operations.

Mr. Zhang has 16 years of experience in video gaming (including gaming machines, PC games, mobile phone games and large-scale online games) and has extensive professional knowledge in the development trend of China's entertainment and gaming industry, market demand, marketing strategy, project management, technical R&D as well as system security. Prior to joining the Group, Mr. Zhang was the general manager of Beijing WayAhead Software Co. Ltd., vice president of China Finance Online Co., Ltd. (a Chinese financial portal listed on NASDAQ of the USA), deputy general manager of SeaRainbow Holding Corp., president of Starvi.com and executive vice president of Foreseen Group. As a result of Mr. Zhang's forward-looking innovative contribution to China's entertainment and gaming industry, he was awarded the Grand Prize of China's Outstanding Planner in China's 2nd Planning Summit and Outstanding Planner Contest sponsored jointly by China Federation of Industrial Economics, People's Daily Overseas Edition and Workers Daily.

Mr. Zhang holds a master degree in Physics from Peking University.

Ms. Wei Huanyi

Ms. Wei Huanyi is the deputy general manager of 世紀星彩企業管理有限公司 (China Lottery Management Co., Ltd.), a wholly-owned subsidiary of the Company, responsible for its business development, marketing strategy planning, channel expansion and planning, public relations management and supervision of its daily operations.

Ms. Wei has extensive experience in marketing, network and channel building, brand promotion, public relations management, media planning and logistics management. Prior to joining the Group, Ms. Wei served in the Ministry of Commerce of the PRC and certain enterprises directly under its supervision for over 10 years, responsible for the building of the nation-wide network for food and commerce systems and the logistics. She also participated in the projects of commodity transportation throughout the country as well as projects of the World Bank. Ms. Wei was the manager of a TV shopping program on CCTV, deputy general manager of China Television TV shopping Co., Ltd., General Manager of Hua Mei Xin Yuan International Advertisement Co., Ltd., secretary-general of TV Shopping Association of TV Committee of China Advertising Association, vice executive general manager of Zhong Shi Qiang Commercial Investment Management Co., Ltd. and deputy general manager of Beijing Zhong Shi Zeckendorf Property Management Co., Ltd.

Ms. Wei holds a bachelor degree in Economics from Beijing Institute of Business. She is an economist, a senior professional manager certified jointly by China General Chamber of Commerce and American International Chamber of Commerce, and a member of China Federation of Logistics & Purchasing.

Mr. Zhang Chi

Mr. Zhang Chi is the deputy general manager and marketing director of 北京思德泰科科技發展有限公司 (Beijing Systek Science & Technology Development Co., Ltd.), a wholly-owned subsidiary of the Company, responsible for market development, customer relationship management, games planning and building, and management of the customer service system.

Mr. Zhang has nearly 12 years of experience in China's sports lottery business and has participated in the building, deployment, management and maintenance of China's computerised sports lottery system. He possesses extensive experience in the research and development, design and implementation of the computerised lottery sales system, and is familiar with the development trend, market demand, product design as well as system requirements of China's lottery market. Prior to joining the Group, Mr. Zhang was marketing director of Beijing Great Wall GOT Information Products Co., Ltd., responsible for its market planning, games planning, product promotion, and building and management of the customer service system.

Mr. Zhang graduated from Peking University of Post and Telecommunications, majoring in radio technology.

Mr. Xu Zhengning

Mr. Xu Zhengning is the deputy general manager of 北京思德泰科科技發展有限公司 (Beijing Systek Science & Technology Development Co., Ltd.), a wholly-owned subsidiary of the Company, responsible for product development as well as system research and development, design, building and implementation.

Mr. Xu has nearly 10 years of experience in China's sports lottery business and possesses professional knowledge of the system design, lottery game development, technical implementation, maintenance and support of the computerised sports lottery system. Prior to joining the Group, Mr. Xu was a system engineer and project manager of 北京電彩計算機系統有限公司 (Beijing Lottery Computer Systems Co., Ltd) and 中體彩科技發展有限公司 (China Sports Lottery Technology Development Co., Ltd.), respectively.

Mr. Xu graduated from Beijing Institute of Technology, majoring in computer applications.

Ms. Mak Tak Ping

Ms. Mak Tak Ping is the company secretary and authorised representative of the Company. Ms. Mak is an associate member of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Company Secretaries. Prior to joining the Company, Ms. Mak was the company secretary of various companies, the issued shares of which are listed on GEM and the Main Board of the Stock Exchange.

Ms. Lo Kei Chi

Ms. Lo Kei Chi is the qualified accountant of the Company. Ms. Lo holds a bachelor degree in Arts from the University of Hong Kong. Ms. Lo is a member of the Hong Kong Institute of Certified Public Accountants and CPA Australia and has over 13 years of experience in accounting. Prior to joining the Company, Ms. Lo had worked as finance manager in a multinational company.

The Directors present the annual report and the audited consolidated financial statements of AGTech Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 30 June 2007.

CHANGE OF COMPANY'S NAME

Pursuant to a special resolution passed at the special general meeting held on 27 February 2007, the name of the Company was changed from MegaInfo Holdings Limited to AGTech Holdings Limited (with "亞博科技控股有限公司" being adopted as its new Chinese name for identification purpose only). The change of name took effect on 27 February 2007.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Company's associate and subsidiaries are set out in notes 18 and 35 respectively to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 30 June 2007 are set out in the consolidated income statement on page 39.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of the Company's share capital are set out in note 26 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group for the year are set out in the consolidated statement of changes in equity.

The Company has no reserves available for distribution to shareholders at both balance sheet dates.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

FINANCIAL SUMMARY

A summary of the results of the Group and of the assets and liabilities of the Group for the past 5 financial period/years from 10 December 2002 (date of incorporation) is set out on page 88.

DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

Executive Directors

Mr. Sun Ho	(appointed on 19 July 2006)
Mr. Robert Geoffrey Ryan	(appointed on 21 May 2007)
Mr. Kot Wai Ming	(appointed on 19 July 2006 and resigned on 9 July 2007)
Mr. Bai Jinmin	(appointed on 19 September 2007)
Mr. José Manuel dos Santos	(resigned on 19 July 2006)
Mr. Mok Chi Va	(resigned on 19 July 2006)
Mr. Kuok Cheong Ian	(resigned on 19 July 2006)

Non-executive Directors

Mr. Yim Hong	(resigned on 19 July 2006)
Mr. Kuan Kin Man	(resigned on 19 July 2006)

Independent Non-executive Directors

Mr. Wang Ronghua	(appointed on 19 July 2006)
Mr. Hua Fengmao	(appointed on 19 July 2006)
Mr. Kwok Wing Leung Andy	(appointed on 19 July 2006)
Mr. Tsui Wai Kwan	(resigned on 19 July 2006)
Mr. Tam Pak Yip	(resigned on 19 July 2006)
Mr. Chui Sai Cheong	(resigned on 19 July 2006)

In accordance with Bye-laws 86 and 87 of the Company, certain remaining Directors (namely, Mr. Bai Jinmin, Mr. Wang Ronghua and Mr. Hua Fengmao) will retire at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Sun Ho and Mr. Kot Wai Ming was appointed as executive Director under a service agreement with no fixed term of service commencing from 19 July 2006. The service agreements shall continue thereafter until terminated by either party thereto giving the other party at least one month's notice in writing.

Mr. Robert Geoffrey Ryan and Mr. Bai Jinmin were appointed as executive Directors under service agreements for a term of twenty-four months commencing from 21 May 2007 and 19 September 2007 respectively. The service agreements shall continue thereafter until terminated by either party thereto giving the other party at least three months' notice in writing.

Each of Mr. Kwok Wing Leung Andy, Mr. Wang Ronghua, and Mr. Hua Fengmao was appointed as independent non-executive Director under a service agreement for a term of twenty-four months commencing from 19 July 2006. The service agreements shall continue thereafter until terminated by either party thereto giving the other party at least one month's notice in writing.

Other than as disclosed above, no Director proposed for re-election at the forthcoming annual general meeting of the Company has a service contract which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed under the section headed "Connected Transactions" in this Directors' Report, no contract of significance to which the Company, any of its holding company, subsidiaries or fellow subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES OF HK$0.002 EACH IN THE CAPITAL OF THE COMPANY ("SHARES"), UNDERLYING SHARES AND DEBENTURES

As at 30 June 2007, 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:

	Number of Shares			
Name of Director	Personal interest	Corporate interest	Total	Approximate percentage held
Mr. Sun Ho	26,750,000	2,006,250,000 (Note)	2,033,000,000	56.81%
Mr. Kot Wai Ming (resigned on 9 July 2007)	26,750,000	–	26,750,000	0.75%
Mr. Wang Ronghua	2,675,000	–	2,675,000	0.07%
Mr. Hua Fengmao	1,355,000	–	1,355,000	0.04%
Mr. Kwok Wing Leung Andy	2,675,000	–	2,675,000	0.07%

Note: 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.

b. Long position in the underlying Shares in respect of the share option of the Company (which was regarded as an unlisted physically settled equity derivative):

	Number of underlying Shares entitled (in respect of share option of the Company)					
Name of Director	Date of grant	Exercise price per Share (HK$)	Exercisable period	Granted	Exercised	As at 30 June 2007
Mr. Robert Geoffrey Ryan	22.3.2007	1.40	22.3.2008 – 21.3.2012	26,750,000	–	26,750,000 (representing approximately 0.75% of the issued share capital of the Company)

Save as disclosed above, as at 30 June 2007, 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.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the options granted during the year by the Company to the Directors as disclosed in note 32 to the consolidated financial statements, at no time during the year was the Company, any of its holding company, subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES AND DEBENTURES

As at 30 June 2007, 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 as at 30 June 2007) 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:

Name of shareholder	Capacity	Number of Shares held	Approximate percentage of issued share capital of the Company
MAXPROFIT GLOBAL INC	Beneficial owner (Note 1)	2,006,250,000	56.06%
HB Resources Investment Limited	Interests in controlled corporation (Note 2)	237,580,000	6.64%
Bai Jinmin	Interests in controlled corporation (Note 2)	237,580,000	6.64%
Legg Mason Inc	Investment manager	239,532,000	6.69%

Long positions in the underlying Shares:

Name of holder of the underlying Shares	Capacity	Number of underlying Shares entitled	Approximate percentage of issued share capital of the Company
Ladbrokes plc	Interests in controlled corporation (Note 3)	157,990,000	4.41 %

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. The 237,580,000 Shares were held in the name of Fine Bridge International Limited arising as a result of the completion of the acquisition of the entire equity interest of SHINING CHINA INC pursuant to the sale and purchase agreement dated 14 May 2007. Fine Bridge International Limited is beneficially and wholly-owned by HB Resources Investment Limited. HB Resources Investment Limited is beneficially and wholly-owned by Mr. Bai Jinmin. Accordingly, HB Resources Investment Limited and Mr. Bai Jinmin were deemed to be interested in such Shares.

3. The 157,990,000 Shares were deemed corporate interest of Ladbrokes plc arising as a result of the grant of an option by the Company to Ladbroke Group pursuant to a joint venture shareholders' agreement dated 19 January 2007. Under the SFO, Ladbrokes plc was deemed to own the 157,990,000 Shares which were directly held by Ladbroke Group and indirectly held through Ladbroke Group International, Travel Document Service, Cayman Investments No. 1, International Finance Investment, Ladbroke US Investments Ltd, Martia Ltd and Ladbroke Group Holdings Ltd, all of which are wholly-owned subsidiaries of Ladbrokes plc. On the basis of 3,578,835,000 Shares in issue as at 30 June 2007, the aforesaid 157,990,000 Shares represented only approximately 4.41% of the issued share capital of the Company, falling below the 5% threshold for the purpose of disclosure of interest under the SFO. However, the Company has not received any subsequent notification from Ladbrokes plc that its long position in the underlying Shares has dropped below such threshold, following its initial notification on 23 January 2007.

Save as disclosed above, as at 30 June 2007, the Directors or chief executive of the Company were not aware of any other substantial Shareholder (not being a Director or chief executive of the Company as at 30 June 2007) 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 30 June 2007, 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 year 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.

SHARE OPTIONS

Particulars of the Company's share option scheme (the "Share Option Scheme") and details of movements in the share options under such scheme during the year are set out in note 32 to the consolidated financial statements.

MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and sales for the year attributable to the Group's major suppliers and customers were as follows:

Purchases	
– the largest supplier	16%
– five largest suppliers combined	45%
Sales	
– the largest customer	32%
– five largest customers combined	74%

At no time during the year did the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) have an interest in any of the Group's five largest suppliers or customers.

CONNECTED TRANSACTIONS

Particulars of the Group's related party transactions are set out in note 34 to the consolidated financial statements, which constituted connected transactions for the Company under Chapter 20 of the GEM Listing Rules. Details of these connected transactions are as follows:

(1) On 11 January 2006, the Company entered into a tenancy agreement with Mr. José Manuel dos Santos, the former Director of the Company, for the leasing of premises as its place of business in Hong Kong. Mr. José Manuel dos Santos was the landlord of such premises. Further details of such continuing connected transaction was disclosed in the Company's announcement dated 12 January 2006.

    The rental expenses for the year ended 30 June 2007 amounted to HK$90,000 (or HK$30,000 per month), exclusive of rates, management fees and electricity charges. The tenancy agreement was terminated on 30 September 2006.

(2) On 6 February 2006, the Company entered into the master purchase agreement (the "Master Purchase Agreement") with Vodatel Holdings Limited ("VHL"), a wholly owned subsidiary of Vodatel Networks Holdings Limited, in which Mr. José Manuel dos Santos has a beneficial interest. Pursuant to the Master Purchase Agreement, the Group will acquire certain computer servers, internet services equipment and other computer equipment and hardware (the "Equipment") and related maintenance services from VHL and its subsidiaries, from time to time. Further details of such continuing connected transaction were disclosed in the Company's announcement dated 8 February 2006.

    The purchase of Equipment and related maintenance services received for the year ended 30 June 2007 amounted to HK$2,960,655, which was below the annual cap amount of HK$3,500,000 stipulated for the aggregate annual value of the transactions contemplated under the Master Purchase Agreement for such financial year.

Pursuant to Rule 20.38 of the GEM Listing Rules, the board of directors (the "Board") engaged the auditor of the Company to perform certain agreed upon procedures in respect of the continuing connected transactions of the Group. The auditor has reported its factual findings on these procedures to the Board.

The independent non-executive directors have reviewed and confirmed that the above connected transactions were entered into by the Group: (i) in the ordinary course of its business; (ii) on normal commercial terms; and (iii) in accordance with the terms of the agreement governing such transactions that were fair and reasonable and in the interests of the shareholders of the Company as a whole. Such transactions have been approved by the Board.

NOTIFIABLE TRANSACTIONS

During the year, the Group entered into the following notifiable transactions under the GEM Listing Rules:

(i) the formation of a joint venture company, Asia Gaming Technologies Limited, with Ladbroke Group, whereby the Group holds a 51% equity interest in such joint venture company. Ladbroke Group was also granted an option by the Company at a nominal consideration of HK$1 on 21 March 2007 and such option, if exercised during the exercise period commencing from 21 March 2007 and ending on the first anniversary of such date, will entitle Ladbroke Group to subscribe for up to an aggregate of 157,990,000 new Shares (representing approximately 4.41% of the issued share capital of the Company as at the date hereof and approximately 4.23% of the enlarged issued share capital of the Company if the option is exercised in full by Ladbroke Group) at an exercise price of HK$2.0033 per Share (subject to adjustment);

(ii) the subscription of an approximate 20.69% interest in the registered capital of上海卡友信息服務有限公司(Shanghai Cardinfo Co., Ltd.), a subsidiary of 中國銀聯股份有限公司(China UnionPay Company Limited); and

(iii) the acquisition of the entire issued share capital of SHINING CHINA INC.

Further details of these notifiable transactions can be found in the section headed "REVIEW OF BUSINESS ACTIVITIES" in the "Management Discussion and Analysis" section of this annual report of the Company.

OTHER CORPORATE EXERCISES COMPLETED DURING THE YEAR

Fund raising exercises

In October 2006 and May 2007 respectively, the Company undertook a placing of 210,520,000 new Shares at a placing price of HK$0.26 each as well as a placing and top-up subscription in respect of 339,460,000 Shares at a placing/subscription price of HK$1.77 each, raising net proceeds of approximately HK$54.1 million and approximately HK$581 million respectively.

Share subdivision

With effect from 24 October 2006, each of the issued and unissued shares of HK$0.01 each in the share capital of the Company has been subdivided into five Shares of HK$0.002 each.

Share premium reduction

On 27 February 2007, the entire amount standing to the credit of the share premium account of the Company on 27 February 2007 (being the date of the special general meeting of the Company at which the relevant special resolution approving the reduction of the share premium account of the Company was passed by its shareholders) was reduced, with part of the credit arising therefrom having been applied to offset against the accumulated losses of the Company as at 31 January 2007 in full and the remaining balance of the credit being credited to the contributed surplus account of the Company.

Share Option Scheme limit refreshment

On 27 February 2007, the 10% limit on the grant of options under the Share Option Scheme was refreshed.

Change of board lot size

The board lot size for trading in the Shares was changed from 20,000 Shares to 4,000 Shares with effect from 9:30 a.m. on Monday, 26 February 2007.

Further details regarding the aforesaid corporate exercises are contained in the section headed "OTHER PRINCIPAL CORPORATE EXERCISES COMPLETED DURING THE YEAR" in the "Management Discussion and Analysis" section of this annual report of the Company.

CHANGE OF HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

The head office and principal place of business of the Company was changed to Unit 3912, 39/F., Shell Tower, Times Square, Causeway Bay, Hong Kong with effect from 29 September 2006.

INTERESTS IN COMPETING BUSINESS

None of the Directors or any person who is (or group of persons who together are) entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of the Company and who is (or are) able, as a practical matter, to direct or influence the management of the Company had an interest in a business, which competes or may compete with the business of the Group.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

POST BALANCE SHEET EVENTS

Details of significant events occurring after the balance sheet date are set out in note 33 to the consolidated financial statements.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors has confirmed his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all of the independent non-executive Directors are independent.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the remuneration committee on the basis of their merit, qualifications and competence.

The emoluments of the Directors of the Company are decided by the remuneration committee, having regard to the Company's operating results, individual performance and comparable market statistics.

AUDIT COMMITTEE

The audit committee of the Company comprises three independent non-executive Directors, namely, Mr. Kwok Wing Leung Andy, Mr. Wang Ronghua and Mr. Hua Fengmao. The audited consolidated results of the Group for the year ended 30 June 2007 have been reviewed and commented on by the audit committee.

AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Sun Ho
Chairman

24 September 2007

Deloitte.
德勤

TO THE SHAREHOLDERS OF AGTECH HOLDINGS LIMITED
(FORMERLY KNOWN AS MEGAINFO HOLDINGS LIMITED)
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of AGTech Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 39 to 87, which comprise the consolidated balance sheet as at 30 June 2007 and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 30 June 2007 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
24 September 2007

Consolidated Income Statement

For the year ended 30 June 2007

	Notes	2007 HK$	2006 HK$
Revenue	7	**22,064,522**	69,404,045
Cost of sales		**(16,062,127)**	(56,407,186)
Gross profit		**6,002,395**	12,996,859
Other income		**1,818,420**	120,816
Selling expenses		**(84,272)**	(148,153)
Administrative expenses		**(22,782,934)**	(15,619,685)
Other expenses		**(46,218,764)**	–
Loss before taxation		**(61,265,155)**	(2,650,163)
Taxation	9	**470,639**	(152,000)
Loss for the year	10	**(60,794,516)**	(2,802,163)
Attributable to:			
Equity holders of the parent		**(60,451,402)**	(2,802,163)
Minority interests		**(343,114)**	–
		(60,794,516)	(2,802,163)
Loss per share			
Basic and diluted	13	**HK2.06 cents**	HK0.105 cent

Consolidated Balance Sheet

At 30 June 2007

	Notes	2007 HK$	2006 HK$
Non-current assets			
Property, plant and equipment	14	**7,580,157**	1,040,534
Goodwill	15	**600,504,274**	–
Other intangible assets	17	**176,576,811**	–
Investment in an associate	18	**–**	–
Deposit paid for investment in an associate	30	**3,089,400**	–
		787,750,642	1,040,534
Current assets			
Inventories	19	**726,115**	1,466,967
Trade receivables	20	**1,121,228**	1,709,969
Amounts due from customers for contract work	21	**3,136,883**	5,513,552
Other receivables, deposits and prepayments	22	**3,654,246**	1,940,370
Pledged bank deposits	23	**2,419,782**	–
Bank balances and cash	23	**313,217,110**	7,037,538
		324,275,364	17,668,396
Current liabilities			
Trade payables	24	**4,043,388**	8,176,498
Other payables, accruals and deposits received	25	**3,434,098**	4,703,008
Amount due to a customer for contract work	21	**–**	659,373
Deferred revenue		**–**	18,675
Tax payable		**152,000**	152,000
Bank overdraft		**72,183**	–
		7,701,669	13,709,554
Net current assets		**316,573,695**	3,958,842
		1,104,324,337	4,999,376
Capital and reserves			
Share capital	26	**7,157,670**	5,350,000
Reserves		**1,048,036,472**	(350,624)
Equity attributable to equity holders of the parent		**1,055,194,142**	4,999,376
Minority interests		**5,100,086**	–
Total equity		**1,060,294,228**	4,999,376
Non-current liabilities			
Deferred tax liabilities	27	**44,030,109**	–
		1,104,324,337	4,999,376

The consolidated financial statements on pages 39 to 87 were approved and authorised for issue by the Board of Directors on 24 September 2007 and are signed on its behalf by:

Sun Ho	**Robert Geoffrey Ryan**
Director	*Director*

	Attributable to equity holders of the parent									
	Share capital HK$	Share premium HK$	Share options reserve HK$	Statutory reserve HK$ (Note a)	Exchange reserve HK$	Contributed surplus HK$ (Note b)	Accumulated losses HK$	Total HK$	Minority interests HK$	Total HK$
At 1 July 2005	5,350,000	20,576,560	–	–	(73,454)	11,108,399	(29,210,533)	7,750,972	–	7,750,972
Exchange differences arising on translation of foreign operations recognised directly in equity	–	–	–	–	50,567	–	–	50,567	–	50,567
Loss for the year	–	–	–	–	–	–	(2,802,163)	(2,802,163)	–	(2,802,163)
Total recognised expense for the year	–	–	–	–	50,567	–	(2,802,163)	(2,751,596)	–	(2,751,596)
Transfer	–	–	–	292,038	–	–	(292,038)	–	–	–
At 30 June 2006	5,350,000	20,576,560	–	292,038	(22,887)	11,108,399	(32,304,734)	4,999,376	–	4,999,376
Exchange differences arising on translation of foreign operations recognised directly in equity	–	–	–	–	192,919	–	–	192,919	–	192,919
Loss for the year	–	–	–	–	–	–	(60,451,402)	(60,451,402)	(343,114)	(60,794,516)
Total recognised expense for the year	–	–	–	–	192,919	–	(60,451,402)	(60,258,483)	(343,114)	(60,601,597)
Recognitions of equity-settled share based payments	–	–	46,218,764	–	–	–	–	46,218,764	–	46,218,764
Shares issued on exercise of share options	232,550	9,370,994	(2,889,644)	–	–	–	–	6,713,900	–	6,713,900
Shares issued as consideration for acquisition of a subsidiary (Note 28)	475,160	420,041,440	–	–	–	–	–	420,516,600	–	420,516,600
Private placement	1,099,960	654,479,440	–	–	–	–	–	655,579,400	–	655,579,400
Share issue expenses	–	(18,575,415)	–	–	–	–	–	(18,575,415)	–	(18,575,415)
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	543,200	543,200
Capital injected by minority shareholder of a subsidiary	–	–	–	–	–	–	–	–	4,900,000	4,900,000
Transfer of share premium (Note c)	–	(87,785,920)	–	–	–	47,191,476	40,594,444	–	–	–
At 30 June 2007	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

Notes:

(a) In accordance with statutory requirements in the PRC, other than the regions of the Hong Kong Special Administrative Region of the PRC ("Hong Kong"), Macao and Taiwan, a subsidiary of the Company registered in the PRC is required to transfer a certain percentage of its annual net income from retained profits to statutory reserve. The statutory reserve is not distributable.

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

(c) Pursuant to a special resolution passed by the shareholders at a special general meeting of the Company on 27 February 2007, the share premium account of the Company as of 31 January 2007 was reduced by HK$87,785,920 and such amount was transferred to the contributed surplus account and accumulated losses account of the Company amounting to HK$47,191,476 and HK$40,594,444 respectively.

Consolidated Cash Flow Statement

For the year ended 30 June 2007

	Note	2007 HK$	2006 HK$
OPERATING ACTIVITIES			
Loss before taxation		**(61,265,155)**	(2,650,163)
Adjustments for:			
Share-based payments		**46,218,764**	–
Impairment loss recognised in respect of investment in an associate		**–**	14,272
Depreciation of property, plant and equipment		**1,140,453**	664,116
Amortisation of other intangible assets		**1,426,178**	–
Allowance for bad and doubtful debts		**–**	138,495
Allowance for slow moving inventories		**–**	108,920
Loss on disposal of property, plant and equipment		**503**	9,770
Bank interest income		**(1,549,042)**	(120,816)
Operating cash flows before movements in working capital		**(14,028,299)**	(1,835,406)
Decrease in inventories		**740,852**	2,342,077
Decrease in trade receivables		**1,635,562**	1,849,043
Decrease (increase) in amounts due from customers for contract work		**2,376,669**	(4,758,858)
Decrease in other receivables, deposits and prepayments		**2,285,444**	8,794,532
(Decrease) increase in trade payables		**(4,133,110)**	7,517,219
Decrease in other payables, accruals and deposits received		**(3,472,349)**	(18,716,366)
(Decrease) increase in amount due to a customer for contract work		**(659,373)**	659,373
Decrease in deferred revenue		**(18,675)**	(205,375)
NET CASH USED IN OPERATING ACTIVITIES		**(15,273,279)**	(4,353,761)
INVESTING ACTIVITIES			
Interest received		**1,549,042**	120,816
Purchase of property, plant and equipment		**(5,857,902)**	(104,700)
Proceeds on disposal of property, plant and equipment		**11,885**	–
Deposit paid for investment in an associate		**(3,089,400)**	–
Increase in pledged bank deposits		**(2,419,782)**	–
Acquisitions of subsidiaries, net of cash and cash equivalents acquired	28	**(317,600,839)**	–
NET CASH (USED IN) FROM INVESTING ACTIVITIES		**(327,406,996)**	16,116
FINANCING ACTIVITIES			
Proceeds from issue of shares		**662,293,300**	–
Capital injected by minority shareholder of a subsidiary		**4,900,000**	–
Share issue expenses		**(18,575,415)**	–
NET CASH FROM FINANCING ACTIVITIES		**648,617,885**	–
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**305,937,610**	(4,337,645)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**7,037,538**	11,329,719
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**169,779**	45,464
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**313,144,927**	7,037,538
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances and cash		**313,217,110**	7,037,538
Bank overdraft		**(72,183)**	–
		313,144,927	7,037,538

1. GENERAL

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

The directors of the Company regard MAXPROFIT GLOBAL INC, a private limited company incorporated in the British Virgin Islands, as the immediate and ultimate holding company of the Company.

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

The Company is an investment holding company and its principal subsidiaries are mainly engaged in the provision of sports lottery management consultancy services, sports lottery information technology and payment solutions, software games and system, enterprise solutions for digital image processing system and related maintenance services for customers in the PRC and Macao. The details of principal activities of its principal subsidiaries are set out in note 35.

The consolidated financial statements are presented in Hong Kong dollars. The functional currency of the Company was Macao Patacas. During the current financial year, subsequent to the acquisitions of the PRC subsidiaries as described in Note 28 to the consolidated financial statements, the directors of the Company have determined that the functional currency of the Company is changed to Renminbi in line with the corresponding change of the core business of the Group from Macao to the PRC. As the Company is listed in Hong Kong, the directors consider that it is appropriate to present the consolidated financial statements in Hong Kong dollars.

2. CHANGE OF COMPANY'S NAME

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

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

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

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

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

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

[1] Effective for accounting periods beginning on or after 1 January 2007.
[2] Effective for accounting periods beginning on or after 1 January 2009.
[3] Effective for accounting periods beginning on or after 1 November 2006.
[4] Effective for accounting periods beginning on or after 1 March 2007.
[5] Effective for accounting periods beginning on or after 1 January 2008.
[6] Effective for accounting periods beginning on or after 1 July 2008.

4. SIGNIFICANT ACCOUNTING POLICIES

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 "Business combinations" are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Goodwill

Goodwill arising on acquisitions prior to 1 January 2005

Goodwill arising on acquisition of a subsidiary for which the agreement date is before 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant subsidiary at the date of acquisition.

For previously capitalised goodwill arising on acquisitions before 1 January 2005, the Group has discontinued amortisation from 1 July 2005 onwards, and such goodwill is tested for impairment annually, and whenever there is an indication that the cash generating unit to which the goodwill relates may be impaired.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill (continued)

Goodwill arising on acquisitions on or after 1 January 2005

Goodwill arising on an acquisition of a subsidiary for which the agreement date is on or after 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant subsidiary at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Capitalised goodwill arising on an acquisition of a subsidiary is presented separately in the consolidated balance sheet.

Impairment testing on capitalised goodwill

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated income statement. An impairment loss for goodwill is not reversed in subsequent years.

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

Investment in an associate

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results, assets and liabilities of an associate are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in an associate (continued)

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition after reassessment is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from projects involving the provision of sports lottery information technology and payment solutions and enterprise solutions which include design and installation of digital image processing system are recognised when the outcome of the contract can be estimated reliably. The details of the revenue recognition are set out in the sub-section of "Construction contracts" as below.

Revenue from sports lottery management consultancy services rendered is recognised when the services are rendered, the revenue can be reliably estimated and it is probable that the revenue will be received.

Revenue from the sales of computer software products is recognised upon the transfer of risks and rewards of ownership, which generally coincides with the time when goods are delivered to the customers and title has passed.

Revenue from separately priced product maintenance contracts, which is received or receivable from customers, is deferred and amortised on a straight-line basis over the contracted period.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable ,which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual value, using straight-line method.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

Construction contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the installation activity at the balance sheet date, as measured by the surveys of work performed. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that it is probable that contract costs incurred will be recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When a contract covers a number of assets, the construction of each asset is treated as a separate contract when separate proposals have been submitted for each asset, each asset has been separately negotiated and the costs and revenue of each asset can be separately identified. A group of contracts, performed concurrently or in a continuous sequence, is treated as a single construction contract when the contracts were negotiated as a single package and they are so closely inter-related that they constitute a single project with an overall profit margin.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as an amount due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as an amount due to customers for contract work. Amounts received before the related work is performed are included in the balance sheet, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated balance sheet under trade receivables.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the exchange reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 July 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the balance sheet date. Exchange differences arising are recognised in the exchange reserve.

Government grants

Government grants are recognised as income over the periods necessary to match them with the related costs. Grants related to depreciable assets are presented as deferred income and are released to income over the useful lives of the assets. Grants related to expense items are recognised in the same period as those expenses are charged in the consolidated income statement and are reported separately as other income.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement benefits costs

Payments to defined contribution retirement plans/Mandatory Provident Fund scheme and state-managed retirement benefit schemes are charged as expenses when employees have rendered service entitling them to the contributions.

Taxation

Taxation represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited to the consolidated income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. Alternatively, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment below).

Software licences

The expenditure for acquisition of software licences is measured initially at cost and amortised on a straight-line basis over their estimated useful lives or licensing period, whichever is shorter.

Impairment

Intangible assets with finite useful lives are tested for impairment when there is an indication that an asset may be impaired (see the accounting policies in respect of impairment losses other than goodwill below).

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development expenditure is recognised only if it is anticipated that the development costs incurred on a clearly-defined project will be recovered through future commercial activity. The resultant asset is amortised on a straight-line basis over its useful life, and carried at cost less subsequent accumulated amortisation and any accumulated impairment losses.

Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment losses other than goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Inventories

Inventories, including any materials for the construction contracts, are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs to completion and the estimated costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets

The Group's financial assets comprise those classified as loans and receivables. The accounting policy adopted is set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade receivables, amounts due from customers for contract work, other receivables, pledged bank deposits and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Financial liabilities

Financial liabilities including trade payables, other payables and bank overdraft are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

Equity-settled share-based payment transactions

Share options granted to employees, consultants and minority shareholder of a subsidiary

The fair value of services received from employees and consultants determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

In the absence of specifically identifiable goods or services received (or to be received), the fair value of the unidentifiable goods or services received is measured as the difference between the fair value of the share-based payment and the fair value of any identifiable goods or services received (or to be received) and is expensed immediately to the extent the shares options granted are fully vested, with a corresponding increase in equity (share options reserve).

At each balance sheet date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in profit or loss with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated losses.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies which are described in note 4, management has made the following judgements that have significant effect on the amounts recognised in the consolidated financial statements. The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are also discussed below.

Fair values of the intangible assets acquired from the acquisitions of subsidiaries

As explained in Note 28, the fair values of the intangible assets acquired from the acquisitions of subsidiaries have been determined provisionally. With the possible change of the fair values, the amount of the amortisation of intangible assets and the goodwill arising from the acquisitions may be changed accordingly. The fair values of the net assets acquired would be finalised within one year from the date of acquisitions.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 30 June 2007, the carrying amount of goodwill is HK$600,504,274. Details of the recoverable amount calculation are disclosed in Note 16.

Impairment of intangible assets

At the balance sheet date, management reconsidered the recoverability of its intangible assets arising from the acquisition of subsidiaries, in which the carrying amount at 30 June 2007 was HK$176,576,811 (2006: nil). The business of the related subsidiaries continues to progress in a satisfactory manner. Detailed sensitivity analysis has been carried out by management and no impairment is expected at 30 June 2007. This situation will be closely monitored. Adjustment will be made in future periods if future market activity indicates that adjustments for impairment are appropriate.

6. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, other receivables, bank balances, pledged bank deposits, trade payables and other payables. Details of these financial instruments are disclosed in respective notes. The risk associated with these financial instruments and the polices on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

6. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 30 June 2007 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Market risks

Cash flow interest rate risk

The Group's cash flow interest rate risk primarily relates to variable-rate bank balances. The Group has not used any interest rate swaps in order to mitigate its exposure associated with fluctuations relating to interest cash flows. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

Currency risk

Several subsidiaries of the Company have foreign currency transactions, which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Fair value

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

7. REVENUE

Revenue represents the amounts received and receivable from the provision of sports lottery management consultancy services, sports lottery information technology and payment solutions, enterprise solutions of digital image processing system, sales of computer software products and related maintenance services to outside customers in the PRC and Macao for the year, and is analysed as follows:

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

8. BUSINESS AND GEOGRAPHICAL SEGMENTS

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

Principal activities are as follows:

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

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

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

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

8. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Segment information about these businesses is presented below:

Business segments

2007

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

8. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

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

8. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

2006

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

8. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Geographical segments

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

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

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

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

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

9. TAXATION

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

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

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

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

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

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

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

10. LOSS FOR THE YEAR

	2007 HK$	2006 HK$
Loss for the year has been arrived at after charging (crediting):		
Auditor's remuneration	**800,000**	550,000
Cost of inventories recognised as an expense	**12,245,932**	53,701,155
Allowance for bad and doubtful debts (included in administrative expenses)	**–**	138,495
Allowance for slow moving inventories (included in cost of sales)	**–**	108,920
Impairment loss recognised in respect of investment in an associate (included in administrative expenses)	**–**	14,272
Amortisation of other intangible assets (included in cost of sales)	**1,426,178**	–
Depreciation of property, plant and equipment	**1,140,453**	664,116
Loss on disposal of property, plant and equipment	**503**	9,770
Net foreign exchange loss	**92,549**	23,956
Operating lease rentals in respect of rented premises	**1,516,363**	709,398
Staff costs, including directors' remunerations (Note 11)		
Fees, salaries, discretionary bonus and other benefits	**10,471,445**	8,545,273
Share-based payments (included in other expenses)	**22,971,764**	–
Social security costs	**345,367**	233,077
Retirement benefits scheme contributions	**70,318**	12,000
	33,858,894	8,790,350
Share-based payment for an option granted to minority shareholder of a subsidiary (included in other expenses)	**23,247,000**	–
Bank interest income	**(1,549,042)**	(120,816)
Government grants in relation to research and development of information and technology work	**(174,757)**	–

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

11. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the 14 (2006: 8) directors were as follows:

For the year ended 30 June 2007

	Executive Directors						Non-executive Directors		Independent non-executive Directors						
	Mr. Sun Ho	Mr. Robert Geoffrey Ryan	Mr. Kot Wai Ming	Mr. José Manuel dos Santos	Mr. Mok Chi Va	Mr. Kuok Cheong Ian	Mr. Yim Hong	Mr. Kuan Kin Man	Mr. Wang Ronghua	Mr. Hua Fengmao	Mr. Kwok Wing Leung Andy	Mr. Chui Sai Cheong	Mr. Tsui Wai Kwan	Mr. Tam Pak Yip	Total 2007
	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$
Fees	397,984	–	117,984	5,806	5,806	5,806	2,903	2,903	95,161	95,161	95,161	5,806	5,806	5,806	842,093
Other emoluments															
Salaries and other benefits	–	398,922	–	280,000	440,485	–	–	–	–	–	–	–	–	–	1,119,407
Share-based payments	599,302	–	599,302	–	–	–	–	–	59,930	59,930	59,930	–	–	–	1,378,394
Contributions to retirement benefits scheme	6,210	–	6,210	–	–	–	–	–	–	–	–	–	–	–	12,420
Total emoluments	1,003,496	398,922	723,496	285,806	446,291	5,806	2,903	2,903	155,091	155,091	155,091	5,806	5,806	5,806	3,352,314

For the year ended 30 June 2006

	Executive Directors			Non-executive Directors		Independent non-executive Directors			
	Mr. José Manuel dos Santos	Mr. Mok Chi Va	Mr. Kuok Cheong Ian	Mr. Yim Hong	Mr. Kuan Kin Man	Mr. Chui Sai Cheong	Mr. Tsui Wai Kwan	Mr. Tam Pak Yip	Total 2006
	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$
Fees	130,000	130,000	130,000	60,000	60,000	120,000	120,000	120,000	870,000
Other emoluments									
Salaries and other benefits	520,000	355,525	355,525	–	–	–	–	–	1,231,050
Total emoluments	650,000	485,525	485,525	60,000	60,000	120,000	120,000	120,000	2,101,050

During the year, no emoluments were paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any emoluments during the year.

12. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, four (2006: three) were directors of the Company whose emoluments are included in note 11 above. The emoluments of the remaining one (2006: two) highest paid individual were as follows:

	2007	2006
	HK$	HK$
Salaries and other benefits	**280,322**	884,757
Discretionary bonus	**500,000**	18,000
Share-based payments	**599,302**	–
Retirement benefits scheme contributions	**9,839**	12,000
	1,389,463	914,757

Their emoluments were within the following bands:

	2007	2006
	No. of employee	No. of employee
Nil to HK$1,000,000	**–**	2
HK$1,000,001 to HK$1,500,000	**1**	–

During the year, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

13. LOSS PER SHARE

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

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

The weighted average number of ordinary shares for the purpose of basic/diluted loss per share for the year ended 30 June 2006 has been adjusted for the share subdivision which took effect on 24 October 2006 as described in Note 26 to the consolidated financial statements.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Computer equipment	Demonstration equipment	Furniture, fixtures and equipment	Motor vehicles	Total
	HK$	HK$	HK$	HK$	HK$	HK$
COST						
At 1 July 2005	1,549,650	687,290	209,600	48,697	–	2,495,237
Exchange adjustments	–	6,345	–	–	–	6,345
Additions	–	99,457	–	5,243	–	104,700
Disposals	–	(10,194)	–	–	–	(10,194)
At 30 June 2006	1,549,650	782,898	209,600	53,940	–	2,596,088
Exchange adjustments	–	25,683	–	4,896	–	30,579
Acquired on acquisition of subsidiaries	376,605	590,914	–	164,295	679,608	1,811,422
Additions	488,223	1,315,240	–	541,450	3,512,989	5,857,902
Disposals	–	(13,995)	–	–	–	(13,995)
At 30 June 2007	2,414,478	2,700,740	209,600	764,581	4,192,597	10,281,996
DEPRECIATION						
At 1 July 2005	577,454	176,232	108,230	28,704	–	890,620
Exchange adjustments	–	1,242	–	–	–	1,242
Provided for the year	309,930	278,458	69,859	5,869	–	664,116
Eliminated on disposals	–	(424)	–	–	–	(424)
At 30 June 2006	887,384	455,508	178,089	34,573	–	1,555,554
Exchange adjustments	21	6,534	–	420	464	7,439
Provided for the year	485,629	366,228	31,511	143,074	114,011	1,140,453
Eliminated on disposals	–	(1,607)	–	–	–	(1,607)
At 30 June 2007	1,373,034	826,663	209,600	178,067	114,475	2,701,839
CARRYING VALUES						
At 30 June 2007	1,041,444	1,874,077	–	586,514	4,078,122	7,580,157
At 30 June 2006	662,266	327,390	31,511	19,367	–	1,040,534

14. PROPERTY, PLANT AND EQUIPMENT (continued)

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	20% or over the relevant lease terms, whichever is shorter
Computer equipment	50%
Demonstration equipment	$33^1/_3$%
Furniture, fixtures and equipment	20%
Motor vehicles	10% – 20%

15. GOODWILL

	HK$
COST	
At 1 July 2005	585,082
Elimination of accumulated amortisation upon application of HKFRS 3	(585,082)
At 30 June 2006	–
Arising on acquisition of subsidiaries (Note 28)	600,504,274
At 30 June 2007	600,504,274
AMORTISATION AND IMPAIRMENT	
At 1 July 2005 and 1 July 2006	585,082
Elimination of accumulated amortisation upon application of HKFRS 3	(585,082)
At 30 June 2007	–
CARRYING VALUES	
At 30 June 2007	600,504,274
At 30 June 2006	–

16. IMPAIRMENT TESTING ON GOODWILL

As explained in Note 8, the Group uses business segments as its primary segment for reporting segment information. For the purposes of impairment testing, goodwill set out in Note 15 has been allocated to individual cash generating units (CGUs) to the extent practicable. The carrying amounts of goodwill as at 30 June 2007 allocated to these units are as follows:

	Goodwill
	HK$
Sports lottery information technology and payment solutions	
– Beijing Systek Science & Technology Development Co., Ltd.	2,636,218
Unallocated	597,868,056
	600,504,274

The basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarised below:

Sports lottery information technology and payment solutions

The recoverable amount of this unit has been determined based on a value in use calculation. That calculation uses cash flow projections covered a 5-year period and adopted a discount rate of 16%. The cash flow projections are projected based on the most recent financial budgets approved by the management. Sports lottery information technology and payment solutions cash flows during the 5-year period are extrapolated from the budget using a steady 30% growth rate for sales.

Unallocated

As explained in Note 28 to the consolidated financial statements, the Group is in the process of assessing the fair value of the identifiable intangible assets of Shining China Group at date of acquisition, thus, the determination of the goodwill disclosed in Note 15 to the consolidated financial statements is pending the finalisation of the valuation exercise on the identifiable intangible assets of Shining China Group. Based on preliminary information available, the goodwill relates to the cash generating units representing the sports lottery management consultancy services and provision of software games and system business segments. The recoverable amount of this unallocated goodwill has been determined on the basis of a value in use calculation of these cash generating units. The recoverable amount is based on certain key assumptions. That calculation uses cash flow projections covering a 6-year period and adopted a discount rate of 16%. The cash flow projections are projected based on the most recent financial budgets approved by the management. The growth rate used in the cash flow projections for revenue is 30% per annum.

During the year ended 30 June 2007, management of the Group determined that there were no impairments of goodwill.

17. OTHER INTANGIBLE ASSETS

	Software licences HK$	Non-competition agreements HK$	Contracted customer HK$	Total HK$
COST				
At 1 July 2005 and 1 July 2006	11,467,290	–	–	11,467,290
Acquired on acquisition of subsidiaries (Note 28)	–	5,091,331	172,911,658	178,002,989
At 30 June 2007	11,467,290	5,091,331	172,911,658	189,470,279
AMORTISATION AND IMPAIRMENT				
At 1 July 2005 and 1 July 2006	11,467,290	–	–	11,467,290
Charge for the year	–	445,852	980,326	1,426,178
At 30 June 2007	11,467,290	445,852	980,326	12,893,468
CARRYING VALUES				
At 30 June 2007	–	4,645,479	171,931,332	176,576,811
At 30 June 2006	–	–	–	–

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

Non-competition agreement represents the provisional fair value of the non-competition clause embedded in the employment contracts between top management and Systek Group (as defined in Note 28) upon the acquisition of Systek Group by the Group. An income approach technique known as the discounted cash flow ("DCF") method had been used to estimate the provisional fair value of the intangible asset. Using this method, the Company first performed a Business Enterprise Valuation ("BEV") using the DCF method and estimated the business value of Systek Group without competition. A second BEV is prepared on the premise that the non-competition agreements are not in place. Presumably, in the absence of this clause, the senior management who left would be free to compete and take business away from Systek Group. The value of having the non-competition agreements will be the difference between the two BEVs times the probability, which account for the likelihood of competition without the non-competition agreement and the likelihood of the competition successfully making a financial impact on Systek Group. DCF with the cash flow projections of 5-years and a discount rate of 16% had been used. The amount is amortised on a straight-line method over the estimated useful life of 5 years.

17. OTHER INTANGIBLE ASSETS (continued)

Contracted customer represents the provisional fair value of the contractual right stated in the consultancy agreements with a principal customer (the "Principal Customer") of Shining China Group (as defined in Note 28) for providing the management consultancy services upon the acquisition of Shining China Group by the Group ("Contracted Customer"). The Group will charge the consultancy fees to the Principal Customer on the fixed percentage of the sports lottery sales in the different territories in the PRC as stated in the consultancy agreements. The DCF method, with the cash flow projections covering 4 to 6 years (being the remaining contractual period) and a discount rate of 16%, had been used to estimate the provisional fair value of the intangible asset. The amount is amortised on a straight-line method over the period of 4 to 6 years in accordance with the terms of the management consultancy agreements.

18. INVESTMENT IN AN ASSOCIATE

	2007	2006
	HK$	HK$
Cost of investment in an associate (unlisted)	**14,272**	14,272
Impairment loss recognised	**(14,272)**	(14,272)
	–	–

As at 30 June 2007, the Group had an interest in the following associate:

Name of entity	**Form of business structure**	**Place of incorporation/ operation**	**Class of share held**	**Proportion of nominal value issued share capital held by the Group**	**Nature of business**
				%	
CTM-Mega Technology Limited	Incorporated	Macao	Ordinary	49	Not yet commenced business

The Directors reassessed the recoverability of the investment in an associate as at 30 June 2006. Having taken into account of the uncertain future prospects and revenue to be generated from the associate, the Directors recognised an impairment loss of HK$14,272 during the year ended 30 June 2006.

19. INVENTORIES

	2007	2006
	HK$	HK$
Networking and image processing equipment	**726,115**	1,466,967

20. TRADE RECEIVABLES

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

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

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

21. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORK

	2007	2006
	HK$	HK$
Contracts in progress at the balance sheet date:		
Contracts costs incurred plus recognised profits less recognised losses	**16,399,519**	20,874,829
Less: progress billings	**(13,262,636)**	(16,020,650)
	3,136,883	4,854,179
Represented by:		
Due from customers included in current assets	**3,136,883**	5,513,552
Due to customer included in current liabilities	**–**	(659,373)
	3,136,883	4,854,179

At the balance sheet date, there were no retentions held by customers for contract work (2006: HK$163,017). Advances received from customers for contract work amounted to HK$50,814 (2006: HK$1,491,406).

22. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2007	2006
	HK$	HK$
Deposits paid to vendors for contracts	**163,999**	1,098,882
Retentions held by customers for contract work	**–**	163,017
Prepayments	**1,020,113**	339,255
Rental, utility and guarantee deposits	**888,316**	294,076
Other receivables	**1,581,818**	45,140
	3,654,246	1,940,370

23. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group and short-term bank deposits carrying effective interest at 3%-4.25% per annum (2006: 1.2% per annum) with an original maturity of three months or less.

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to HK$2,419,782 (2006: nil) have been pledged to secure undrawn facilities and are therefore classified as current assets.

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

24. TRADE PAYABLES

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

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

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

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

25. OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

	2007	2006
	HK$	HK$
Deposits received from customers for contracts	**50,814**	1,491,406
Accrued charges	**1,602,272**	3,003,420
Other payables	**1,781,012**	208,182
	3,434,098	4,703,008

26. SHARE CAPITAL

	Number of shares	HK$
Authorised:		
Ordinary shares of HK$0.01 each at 1 July 2005 and 1 July 2006	1,000,000,000	10,000,000
Share subdivision (Note a)	4,000,000,000	–
Ordinary shares of HK$0.002 each at 30 June 2007	5,000,000,000	10,000,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each at 1 July 2005 and 1 July 2006	535,000,000	5,350,000
Share subdivision (Note a)	2,229,880,000	–
Exercise of share options (Note b)	26,395,000	232,550
Issue of shares as consideration for the acquisition of the entire issued share capital of SHINING CHINA INC (Note c)	237,580,000	475,160
Issue of shares due to shares placing (Note d)	549,980,000	1,099,960
Ordinary shares of HK$0.002 each at 30 June 2007	3,578,835,000	7,157,670

26. SHARE CAPITAL (continued)

Notes:

(a) Pursuant to an ordinary resolution passed on 23 October 2006, the Company's issued and unissued shares of HK$0.01 each were subdividend into 5 new shares of HK$0.002 each ("Share Subdivision"). The Share Subdivision took effect on 24 October 2006.

(b) During the year, options for 22,470,000 shares of HK$0.01 each, 1,250,000 shares of HK$0.002 each and 2,675,000 shares of HK$0.002 each were exercised at the exercise price of HK$0.28, HK$0.218 and HK$0.056 per share respectively, resulting in the issue of 22,470,000 shares of HK$0.01 each and 3,925,000 shares of HK$0.002 each. Details of options outstanding and movements during the year are set out in note 32.

(c) As part of the consideration for the acquisition of SHINING CHINA INC, completion of which took place on 15 June 2007, 237,580,000 ordinary shares of the Company with par value of HK$0.002 each were issued.

(d) On 14 November 2006 and 11 June 2007, completion took place for private placements to independent private investors of 210,520,000 shares and 339,460,000 shares of HK$0.002 each in the Company, at subscription price of HK$0.26 each and HK$1.77 each respectively.

These shares rank pari passu in all respects with other shares in issue.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

27. DEFERRED TAX LIABILITIES

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

	Intangible assets HK$
At 1 July 2005 and 1 July 2006	–
Acquired on acquisition of subsidiaries (Note 28)	44,500,748
Credit to income statement (Note 9)	(470,639)
At 30 June 2007	44,030,109

At the balance sheet date, the Group has estimated tax losses of approximately HK$47,179,000 (2006: HK$31,872,000), out of which the estimated unused tax losses of HK$28,052,000 (2006: HK$12,723,000) are available for offset against future profits. The remaining tax losses of approximately HK$19,127,000 (2006: HK$19,149,000) cannot be carried forward to offset against future profits. No deferred tax asset has been recognised in respect of such estimated tax losses due to unpredictability of future profit streams. Included in unrecognised estimated unused tax losses are losses of HK$7,062,000 (2006: HK$4,244,000) that will expire within 5 years. Other estimated unused tax losses of HK$20,990,000 (2006: HK$8,479,000) may be carried forward indefinitely.

28. ACQUISITIONS OF SUBSIDIARIES

(i) Acquisition of SYSTEK LTD and its subsidiary ("Systek Group")

On 1 December 2006, the Group acquired the entire equity interests in Systek Group for a consideration of HK$10,000,000. This acquisition has been accounted for using the purchase method of accounting. The amount of goodwill arising as a result of the acquisition was HK$2,636,218.

The net assets acquired in the transaction, and the goodwill arising, are as follows:

	Carrying amounts before combinations HK$	Provisional fair value adjustments HK$	Provisional fair value HK$
NET ASSETS ACQUIRED			
Property, plant and equipment	381,528	–	381,528
Intangible assets	–	5,091,331	5,091,331
Other receivables and prepayments	3,191,208	–	3,191,208
Bank balances and cash	17,696	–	17,696
Other payables and accruals	(45,148)	–	(45,148)
Deferred taxation	–	(1,272,833)	(1,272,833)
	3,545,284	3,818,498	7,363,782
Goodwill on acquisition			2,636,218
			10,000,000
SATISFIED BY			
Cash consideration			10,000,000
NET CASH OUTFLOW ARISING ON ACQUISITION			
Cash consideration paid			(10,000,000)
Bank balances and cash acquired			17,696
			(9,982,304)

Systek Group contributed to the Group's revenue of HK$869,465 and loss to the Group's result for the year of HK$2,368,820 between the date of acquisition and the balance sheet date.

If the acquisition had been completed on 1 July 2006, the Group's total revenue for the year would have been HK$22,064,522, and loss for the year would have been HK$61,288,887. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 July 2006, nor is it intended to be a projection of future results.

The initial accounting for the above acquisition has been determined provisionally awaiting the receipt of professional valuations in relation to the intangible assets of the acquiree.

28. ACQUISITIONS OF SUBSIDIARIES (continued)

(ii) Acquisition of SHINING CHINA INC and its subsidiaries ("Shining China Group")

On 15 June 2007, the Group acquired the entire equity interests in Shining China Group for a consideration of HK$731,596,600. This acquisition has been accounted for using the purchase method of accounting. The amount of goodwill arising as a result of the acquisition was HK$597,868,056.

The net assets acquired in the transaction, and the goodwill arising, are as follows:

	Carrying amounts before combinations	Provisional fair value adjustments	Provisional fair value
	HK$	HK$	HK$
NET ASSETS ACQUIRED			
Property, plant and equipment	1,429,894	–	1,429,894
Intangible assets	–	172,911,658	172,911,658
Trade receivables	1,046,821	–	1,046,821
Other receivables, deposits and prepayments	808,112	–	808,112
Bank balances and cash	3,461,465	–	3,461,465
Other payables and accruals	(2,158,291)	–	(2,158,291)
Deferred taxation	–	(43,227,915)	(43,227,915)
	4,588,001	129,683,743	134,271,744
Minority shareholder			(543,200)
Goodwill on acquisition			597,868,056
			731,596,600
SATISFIED BY			
Cash			311,080,000
Shares issued (Note)			420,516,600
			731,596,600
NET CASH OUTFLOW ARISING ON ACQUISITION			
Cash consideration paid			(311,080,000)
Bank balances and cash acquired			3,461,465
			(307,618,535)

28. ACQUISITIONS OF SUBSIDIARIES (continued)

(ii) Acquisition of SHINING CHINA INC and its subsidiaries ("Shining China Group") (continued)

Note: As part of the consideration for the acquisition of Shining China Group, 237,580,000 ordinary shares of the Company with par value of HK$0.002 each were issued as consideration shares. The fair value of such consideration shares, determined using the published market closing price at the date of completion of acquisition on 15 June 2007, amounted to HK$420,516,600 (equivalent to HK$1.77 per consideration share). According to the agreement for such acquisition, the price for such consideration shares was agreed at approximately HK$1.964 each, making the total value of such consideration shares stand at HK$466,620,000 and the total consideration for the acquisition as per the agreement at HK$777,700,000 as previously announced by the Company on 16 May 2007.

Shining China Group contributed to the Group's revenue of HK$1,045,859 and to the Group's result for the year of HK$682,873 (profit) for the period between the date of acquisition and the balance sheet date.

If the acquisition had been completed on 1 July 2006, the Group's total revenue for the year would have been HK$24,358,449, and loss for the year would have been HK$57,086,432. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 July 2006, nor is it intended to be a projection of future results.

The Group is in the process of assessing the fair value of the identifiable intangible assets of Shining China Group at date of completion of the acquisition, thus, the determination of the goodwill disclosed herein is preliminary and subject to revision once the Company completes its valuation exercise and upon the receipt of professional valuations. The identifiable intangible assets include the Contracted Customer developed by Shining China Group as preliminarily identified by the directors of the Company.

The cost of acquisition of the Systek Group was paid in cash. The cost of acquisition of Shining China Group comprised cash of HK$311,080,000 and the ordinary shares of the Company with an aggregate fair value of HK$420,516,600.

29. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2007	2006
	HK$	HK$
Within one year	**2,240,456**	277,242
In the second to fifth year inclusive	**542,416**	15,655
	2,782,872	292,897

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of two years and rentals are fixed over the lease period.

30. OTHER COMMITMENTS

On 20 March 2007, a subsidiary of the Company entered into a formal subscription agreement with independent third parties pursuant to which the subsidiary will subscribe for an approximate 20.69% interest in the registered capital of Shanghai Cardinfo Co., Ltd. at an aggregate consideration of RMB60,000,000 (approximately HK$61,788,000). The subsidiary has paid a deposit of RMB3,000,000 (approximately HK$3,089,400) to a bank account co-managed by Shanghai Cardinfo Co., Ltd. during the year. The transaction has not yet been completed at date of this report.

31. RETIREMENT BENEFITS SCHEMES

The Group participates in employee social security plans as required by the regulations in the PRC and Macao. The Group also participates in Mandatory Provident Fund schemes which are available to all qualified employees of the Group in Hong Kong. The assets of the retirement benefits schemes are held separately from those of the Group, in funds under the control of the trustees. The employees of the subsidiaries in the PRC are members of social insurance schemes operated by the relevant local government authorities. The pensions plans are funded by payments from employees and by the relevant group companies. The amounts charged to the consolidated income statement represent contributions payable by the Group at the rates specified according to respective rules of the plans.

The only obligation of the Group in respect to the retirement benefits schemes is to make the specified contribution.

32. SHARE-BASED PAYMENT TRANSACTIONS

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 18 November 2004 for the primary purpose of providing incentives to Directors and eligible participants (as defined in the Scheme), and will be expired 10 years commencing on the adoption of the Scheme.

Under the Scheme, the Board of Directors of the Company may at their discretion grant options to eligible employees, including directors of the Company and its subsidiaries, and certain consultants, suppliers or customers of the Group who, in the sole discretion of the Board of Directors have contributed or will contribute or can contribute to the Group, to subscribe for shares in the Company from time to time. The maximum number of shares, which may be granted under the Scheme, shall not exceed 10% of the shares of the Company in issue at the date of approval of the Scheme, without prior approval from the Company's shareholders. The number of shares in respect of which options may be granted under the Scheme to any individual in any one year is not permitted to exceed 1% of shares of the Company in issue at the date of approval of the Scheme, without prior approval from the Company's shareholders.

Options granted to a director, the chief executive or substantial shareholder of the Company or any of their associates (as defined in the GEM Listing Rules) requires the approval of independent non-executive directors (excluding an independent non-executive director who is the prospective grantee in question). Options granted to substantial shareholders or independent non-executive directors or their respective associates in excess of 0.1% of the Company's share capital and with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

Options granted must be taken up within 28 days of the date of grant, upon payment of HK$1 per option. Options may be exercised at any time from the date of grant of the share option to a period to be notified by the Board of Directors of the Company to each grantee at the time of making such offer, which shall not expire later than 10 years from the date of grant.

The subscription price of the share option is determined by the Board of the Directors of the Company, and the amount will not be less than the higher of (a) the closing price of the Company's shares on the Stock Exchange on the date of grant; (b) the average closing price of the Company's shares as stated in the daily quotation sheets issued by the Stock Exchange for the 5 business days immediately preceding the date of grant; and (c) the nominal value of a share of the Company on the date of grant.

32. SHARE-BASED PAYMENT TRANSACTIONS (continued)

The following table discloses details and movements of the Company's share options held by the directors, the eligible employees and consultants of the Group under the Scheme during the year:

Name	Date of grant	Exercise price per share HK$	Exercise period	Number of options: Outstanding as at 1.7.2005 and 1.7.2006	Granted during the year	Adjusted upon the share subdivision	Exercised during the year	Reclassification	Outstanding as at 30.6.2007
Directors (Note 1)									
Sun Ho (Note 2)	14.8.2006	0.28	14.8.2006 – 13.8.2009	–	5,350,000	–	(5,350,000)	–	–
Kot Wai Ming (Note 2)	14.8.2006	0.28	14.8.2006 – 13.8.2009	–	5,350,000	–	(5,350,000)	–	–
Wang Ronghua (Note 3)	14.8.2006	0.28	14.8.2006 – 13.8.2009	–	535,000	–	(535,000)	–	–
Hua Fengmao (Note 4)	14.8.2006	0.28	14.8.2006 – 13.8.2009	–	535,000	–	(535,000)	–	–
Kwok Wing Leung Andy	14.8.2006	0.056 (Note 5)	14.8.2006 – 13.8.2009	–	535,000	2,140,000 (Note 5)	(2,675,000)	–	–
Robert Geoffrey Ryan (Note 9)	22.3.2007	1.40	22.3.2008 – 21.3.2009	–	–	–	–	6,687,500	6,687,500
			22.3.2009 – 21.3.2010	–	–	–	–	6,687,500	6,687,500
			22.3.2010 – 21.3.2011	–	–	–	–	6,687,500	6,687,500
			22.3.2011 – 21.3.2012	–	–	–	–	6,687,500	6,687,500
Eligible participants									
	14.8.2006 (Notes 1 & 6)	0.28	14.8.2006 – 13.8.2009	–	10,700,000	–	(10,700,000)	–	–
	27.9.2006	0.218 (Note 7)	27.9.2006 – 26.9.2007	–	250,000	1,000,000	(1,250,000)	–	–
			27.9.2007 – 26.9.2008	–	250,000	1,000,000		–	1,250,000
			27.9.2008 – 26.9.2009	–	250,000	1,000,000		–	1,250,000
			27.9.2009 – 26.9.2010	–	250,000	1,000,000 (Note 7)		–	1,250,000
	22.3.2007	1.40	22.3.2008 – 21.3.2009	–	44,806,250	–	–	(6,687,500)	38,118,750
			22.3.2009 – 21.3.2010	–	44,806,250	–	–	(6,687,500)	38,118,750
			22.3.2010 – 21.3.2011	–	44,806,250	–	–	(6,687,500)	38,118,750
			22.3.2011 – 21.3.2012	–	44,806,250	–	–	(6,687,500)	38,118,750
	15.6.2007	1.77	15.6.2008 – 14.6.2009	–	17,812,500	–	–	–	17,812,500
			15.6.2009 – 14.6.2010	–	17,812,500	–	–	–	17,812,500
			15.6.2010 – 14.6.2011	–	17,812,500	–	–	–	17,812,500
			15.6.2011 – 14.6.2012	–	17,812,500	–	–	–	17,812,500
	29.6.2007	1.76	29.6.2008 – 28.6.2009	–	10,000,000	–	–	–	10,000,000
			29.6.2009 – 28.6.2010	–	10,000,000	–	–	–	10,000,000
			29.6.2010 – 28.6.2011	–	10,000,000	–	–	–	10,000,000
			29.6.2011 – 28.6.2012	–	10,000,000	–	–	–	10,000,000
				–	314,480,000	6,140,000	(26,395,000)	–	294,225,000
Exercisable at the end of the year									–
Weighted average exercise price					HK$ 1.11		HK$ 0.06		HK$ 1.52

32. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Notes:

(1) There is no vesting period in relation to options granted to directors and eligible participants on 14 August 2006.

(2) The closing price of the shares immediately before the date on which the options were exercised was HK$0.28.

(3) The closing price of the shares immediately before the date on which the options were exercised was HK$1.02.

(4) The closing price of the shares immediately before the date on which the options were exercised was HK$1.36.

(5) 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$0.28 to HK$0.056. The closing price of the shares immediately before the date on which the options were exercised was HK$1.49.

(6) The weighted average closing price of the shares immediately before the dates on which the options were exercised was HK$0.28.

(7) 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.

(8) No option was lapsed or cancelled during the year.

(9) Robert Geoffrey Ryan was appointed as executive Director on 21 May 2007.

Apart from the options granted under the Scheme, on 21 March 2007, pursuant to the joint venture shareholder's agreement dated 19 January 2007, Ladbroke Group subscribed at a nominal consideration of HK$1 for an option to subscribe for up to a maximum of 157,990,000 shares of the Company with par value of HK$0.002 each at an exercise price of HK$2.0033 per share (subject to adjustment). The option is exercisable from 21 March 2007 to 20 March 2008. At 30 June 2007, no option was exercised and the option to subscribe for up to a maximum of 157,990,000 shares of the Company with par value of HK$0.002 each is still outstanding. On 21 March 2007, Ladbroke Group becomes a minority shareholder of a subsidiary of the Company upon the completion of the joint venture shareholder's agreement dated 19 January 2007.

At 30 June 2007, the number of shares in respect of which options had been granted and remained outstanding under the Scheme and the option granted to Ladbroke Group was 452,215,000 (2006: Nil), representing approximately 12.6% (2006: Nil) of the shares of the Company in issue at that date.

32. SHARE-BASED PAYMENT TRANSACTIONS (continued)

During the year ended 30 June 2007, options were granted on 14 August 2006, 27 September 2006, 21 March 2007, 22 March 2007, 15 June 2007 and 29 June 2007. The estimated fair values of the options granted on those dates are HK$2,577,000, HK$566,000, HK$23,247,000, HK$136,954,000, HK$72,667,000 and HK$40,431,000 respectively.

These fair values were calculated using the binominal model. The inputs into the model were as follows:

	Date of grant					
	14.8.2006	**27.9.2006**	**21.3.2007**	**22.3.2007**	**15.6.2007**	**29.6.2007**
Closing share price at date of grant	HK$0.28*	HK$1.09*	HK$1.3200	HK$1.40	HK$1.77	HK$1.76
Exercise price	HK$0.28*	HK$1.09*	HK$2.0033	HK$1.40	HK$1.77	HK$1.76
Expected volatility	92.1%	85.47%	59.99%	73.16%	79.17%	78.8%
Expected life	3 years	4 years	1 year	1-5 years	1-5 years	1-5 years
Risk-free rate	4.280%	3.771%	3.874%	3.984%	4.706%	4.644%

* These prices have not been adjusted for the effect of the share subdivision of the Company which took effect on 24 October 2006.

Expected volatility was determined by using the historical volatility of the share price of other companies in the similar industry over the expected life of the options.

The Group recognised the total expense of HK$46,218,764 for the year ended 30 June 2007 (2006: Nil) in relation to share options granted by the Company.

The binominal model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the Directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

No options had been granted under the Scheme during the year ended 30 June 2006 and as at 30 June 2006.

33. POST BALANCE SHEET EVENTS

The following transactions took place subsequent to 30 June 2007:

(a) On 20 March 2007, the Group entered into formal subscription agreement with independent third parties for the acquisition of an approximate 20.69% interest in Shanghai Cardinfo Co., Ltd. for a consideration of RMB60,000,000 (approximately HK$61,788,000). At 30 June 2007, the Group has paid a deposit of RMB3,000,000 (approximately HK$3,089,400) to bank account co-managed by Shanghai Cardinfo Co., Ltd.

Pursuant to a written resolution passed on 20 March 2007, the acquisition was approved by the board of directors of the Company. However, the transaction has not yet been completed as at the date of this report subject to the fulfilment of certain conditions of the subscription agreement. Details of the subscription were set out in the Company's circular dated 11 April 2007.

(b) On 10 July 2007, an option to subscribe for 5,000,000 shares at an exercise price of HK$1.802 per share was granted under the share option scheme as set out in note 32 to an eligible participant of the scheme. The estimated fair value of the options granted is approximately HK$5,030,000.

(c) On 4 September 2007, a subsidiary of the Company has entered into a new management consultancy agreement with the Principal Customer in respect of the Hunan province of the PRC. Under the aforesaid management consultancy agreement, the subsidiary shall provide management consultancy services (including training services as well as proposals, recommendations and advice on (i) the selection of location, and the setting up, of sales venues, (ii) brand-building, (iii) the operations and management, and (iv) the advertising and marketing strategies in respect of sports lottery sales) to the Principal Customer which is authorised by the sports lottery administration centre of the Hunan province in the PRC to operate and set up 1,000 new sports lottery sales venues in such province. The aforesaid management consultancy agreement shall expire in April 2013.

(d) On 4 September 2007, a subsidiary of the Company entered into a sports lottery sales terminals supply agreement with the sports lottery administration centre of the Hunan province, pursuant to which the subsidiary shall supply sports lottery sales terminals (together with accessories) for use in the sports lottery sales venues in the Hunan province of the PRC.

34. RELATED PARTY BALANCE AND TRANSACTIONS

Apart from the amounts due to related parties as disclosed on note 24, during the year, the Group entered into the following transactions with related parties:

	2007	2006
	HK$	HK$
Purchases and provision of maintenance services from Mega Datatech Limited ("MDL") (Note a)	**2,334,628**	2,482,835
Purchases from Zetronic Communications (Macau) Limited (Note b)	**–**	22,304
Purchases from Vodatel Holdings Limited ("VHL") (Note c)	**626,027**	851,387
Rental expenses payable to Mr. José Manuel dos Santos (Note d)	**90,000**	360,000

Notes:

(a) During the year, the Group purchased goods from MDL, a wholly-owned subsidiary of Vodatel Networks Holdings Limited ("VNHL") in which Mr. José Manuel dos Santos* has a beneficial interest. MDL also rendered maintenance services to the Group in respect of the purchases mentioned above.

(b) During the year ended 30 June 2006, there were sales transactions conducted between a subsidiary of the Company and Zetronic Communications (Macau) Limited, a company incorporated in Macao, the interest of which was held as to 99% by Mr. José Manuel dos Santos* and 1% by his spouse.

(c) During the year, the Group purchased goods from VHL, a wholly-owned subsidiary of VNHL in which Mr. José Manuel dos Santos* has a beneficial interest.

(d) During the year, the Company leased an office premise in Hong Kong from Mr. José Manuel dos Santos* for a monthly rental of HK$30,000. The tenancy agreement was terminated on 30 September 2006.

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

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries at 30 June 2007 are set out as follows:

Name of subsidiary	Class of share held	Form of business structure	Place of incorporation or registration	Principal place of operation	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued capital/registered capital held by the Company Directly %	Indirectly %	Principal activities
Asia Gaming Technologies Limited	Ordinary	Incorporated	Hong Kong	The PRC	1,000 shares of HK$1 each	–	51	Sales and distribution of software games and system and provision of maintenance, after-sales, training and consultancy services for such products
Maxprofit Management Limited	Ordinary	Incorporated	Hong Kong	Hong Kong	600,000 shares of HK$1 each	–	100	Provision of management services for the Group
MegaInfo (Guangzhou) Technology Company Limited* 廣州市萬珈訊科技有限公司	Capital contribution	Wholly-foreign owned enterprise	The PRC	The PRC	Registered capital of HK$1.6 million	–	100	Provision of computer software products, computer network system engineering, research and development and selling and providing related services and maintenance
MegaInfo Limited	Ordinary	Incorporated	BVI	Macao	2,000 shares of US$1 each	100	–	Investment holding and provision of information technology management solutions of digital image processing
MegaInfo Software Limited	Ordinary	Incorporated	BVI	Macao	1,000 shares of US$1 each	–	100	Owner of intellectual property rights
MegaInfo Solutions Holdings Limited	Ordinary	Incorporated	BVI	The PRC	1,000 shares of US$1 each	–	100	Owner of intellectual property rights
Zhuhai MegaSoft Software Development Co., Ltd.* 珠海萬佳達軟件開發有限公司	Capital contribution	Wholly-foreign owned enterprise	The PRC	The PRC	Registered capital of HK$3.2 million	–	100	Provision of computer software products, computer network system engineering, research and development and selling and providing related services and maintenance
Beijing Systek Science & Technology Development Co., Ltd* 北京思德泰科科技發展有限公司	Capital contribution	Wholly-foreign owned enterprise	The PRC	The PRC	Registered capital of HK$21 million	–	100	Research and development of sports lottery information technology and payment solutions

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Name of subsidiary	Class of share held	Form of business structure	Place of incorporation or registration	Principal place of operation	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued capital/registered capital held by the Company Directly %	Indirectly %	Principal activities
Beijing Century Management Consultancy Co., Ltd* 北京世紀星彩管理諮詢有限公司	Capital contribution	Wholly-foreign owned enterprise	The PRC	The PRC	Registered capital of HK$5 million	–	100	Provision of sports lottery management consultancy services
SYSTEK LTD	Ordinary	Incorporated	BVI	The PRC	1 share of US$1 each	_	100	Investment holding
SHINING CHINA INC	Ordinary	Incorporated	BVI	The PRC	50,000 shares of US$1 each	_	100	Investment holding

* English name is for identification purposes only.

The above table lists the principal subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities during the year and at the balance sheet date.

36. DIVIDEND

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

RESULTS

	1.7.2006 to 30.6.2007 HK$	1.7.2005 to 30.6.2006 HK$	1.7.2004 to 30.6.2005 HK$	1.7.2003 to 30.6.2004 HK$	10.12.2002 to 30.6.2003 HK$
Revenue	**22,064,522**	69,404,045	14,289,721	10,465,492	–
Loss for the year/period attributable to equity holders of the parent	**(60,451,402)**	(2,802,163)	(22,621,634)	(6,588,899)	–

ASSETS AND LIABILITIES

	30.6.2007 HK$	30.6.2006 HK$	30.6.2005 HK$	30.6.2004 HK$	30.6.2003 HK$
Total assets	**1,112,026,006**	18,708,930	32,053,675	38,333,459	–
Total liabilities	**(51,731,778)**	(13,709,554)	(24,302,703)	(7,930,377)	(6,380)
	1,060,294,228	4,999,376	7,750,972	30,403,082	(6,380)
Equity attributable to equity holders of the parent	**1,055,194,142**	4,999,376	7,750,972	30,403,082	(6,380)
Minority interests	**5,100,086**	–	–	–	–
	1,060,294,228	4,999,376	7,750,972	30,403,082	(6,380)