



AGTech Holdings Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 8279

Annual Report 2009



Fortune  Health  Happiness  Luck  Responsibility 

CHARACTERISTICS OF GEM

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

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


Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this 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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Fortune

We provide the lottery markets with lottery software, hardware and a full range of professional marketing consultancy services, with a view to boosting lottery sales and bringing fortune to lottery players through exciting game products.





CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Director

Yang Yang

Independent Non-executive Directors

Kwok Wing Leung Andy
Wang Ronghua
Hua Fengmao

AUTHORISED REPRESENTATIVES

Sun Ho
Wong Wai Sing

COMPANY SECRETARY

Wong Wai Sing

COMPLIANCE OFFICER

Sun Ho

AUDIT COMMITTEE

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

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
31st Floor, Gloucester Tower
The Landmark
11 Pedder Street
Central, Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE & PRINCIPAL PLACE OF BUSINESS

Unit 3912, 39th Floor, Shell Tower
Times Square, Causeway Bay
Hong Kong

Tel: (852) 2506 1668
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WEBSITE

<http://www.agtech.com>

BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
UBS AG
Citibank, N.A.

SHARE REGISTRARS IN BERMUDA

The Bank of Bermuda Limited
Bank of Bermuda Building
6 Front Street
Hamilton HM 11
Bermuda

SHARE REGISTRARS IN HONG KONG

Tricor Abacus Limited
Level 28, Three Pacific Place
1 Queen's Road East
Hong Kong

STOCK CODE

8279

DEFINITIONS

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

“Board”	means the board of Directors
“China Coop”	means All-China Federation of Supply and Marketing Cooperatives
“Company” or “AGTech”	means AGTech Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on GEM
“Director(s)”	means the director(s) of the Company
“GEM”	means the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
“GEM Listing Rules”	means the Rules Governing the Listing of Securities on GEM
“Group”	means the Company and its subsidiaries
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“Macao”	means the Macao Special Administrative Region of the PRC
“PRC” or “China”	means the People’s Republic of China which, for the purpose of this report, excludes Hong Kong, Macao and Taiwan
“province(s)”	means province(s), municipality(ies) and autonomous region(s) of the PRC unless otherwise specified, and “provincial” shall be construed accordingly
“Share Option Scheme”	means the share option scheme of the Company adopted on 18 November 2004
“Share(s)”	means ordinary share(s) of HK\$0.002 each in the share capital of the Company

“Shareholder(s)”	means holder(s) of the Share(s)
“SLAC(s)”	means China Sports Lottery Administration Centre(s)
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Subsidiary”	means a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

Notes:

1. In this report, the exchange rate of HK\$1.136 to RMB1.00 has been used for reference only.
2. The English translation of the Chinese company names in this report are included for reference only and should not be regarded as the official English translation of such Chinese company names.
3. In the event of any inconsistency, the English text of this report shall prevail over the Chinese text.

Health

We liaise closely with regulatory authorities and do our utmost to help them develop a healthy lottery industry. We also assist them to evaluate new forms of legal and regulated lottery avenues with a view to cracking down on the illegal gambling market.





CORPORATE PROFILE

AGTech is committed to providing a fully integrated range of solutions for the sports lottery market in China.

Our Group has the right resources and ability to develop related products and provide a range of professional services, including:

- **CONSULTING:** Marketing consultancy for provincial and regional sports lottery markets
- **RETAIL:** Lottery shops and retail chain management and marketing consultancy
- **SOFTWARE GAMES:** Lottery game and system development
- **HARDWARE:** Lottery sales terminals and accessories supply

AGTech has commenced operations in many key provinces in China and will continue to stretch its tentacles nationwide.

OVERVIEW OF CHINA'S SPORTS LOTTERY MARKET

MARKET OVERVIEW

According to statistics released by the Ministry of Finance of the PRC, China's total lottery sales from January to June 2009 reached approximately RMB62.8 billion. For the third year running, the Chinese lottery market recorded RMB100 billion in annual sales, with the average daily lottery sales amounting to approximately RMB335 million. Despite the economic downturn around the world, China's lottery market bucks the trend and continues to grow rapidly. Industry experts predict that China's lottery sales will pass the RMB120 billion-mark in 2009.



The year 2009 marks the 22nd year of growth of China's lottery market. Over the years, China has not only seen tremendous social and economic progress brought by the reform but also opened up the lottery market with success. During the period, China recorded approximately RMB574.6 billion in total sales, raising approximately RMB190.6 billion in lottery benefit funds. The funds go into supporting sports and welfare programmes in China, such as general sports development, the 2008 Beijing Olympics, Sichuan earthquake relief etc. All these embody a community spirit underlying China's national lotteries.

2007 was the first year for China's lottery sales to exceed RMB100 billion. Subsequently the year 2008 served to stabilise such a promising lottery sales performance. Over the 10 years from 1999 to 2008, China's lottery sales had been increasing rapidly, from approximately RMB10.8 billion in 1999 to approximately RMB106.0 billion in 2008.

With the living standard in China improving – thanks in particular to the success of the 2008 Beijing Olympics – more and more people play sports and attach importance to entertainment. According to the Ministry of Finance, sports lottery sales in China for the first half of 2009 rose to approximately RMB27.1 billion from approximately RMB20.7 billion for the same period in 2008, representing a 31.1% increase year-on-year.

REGULATORY FRAMEWORK

At present, China has two national lotteries: the welfare lottery (established in 1987) and the sports lottery (established in 1995). Both lotteries are operated by their associating national ministries (namely, the Ministry of Civil Affairs and General Administration of Sports), and both are regulated by the Ministry of Finance. Each lottery is managed by the state and each province also has its own lottery issuing or administration centre.

INDUSTRY VALUE CHAIN



BUSINESS OVERVIEW

TERRITORIAL MARKETING CONSULTANCY SERVICES

With over 30 years of experience, our management team has profound knowledge of the international and domestic lottery markets. By providing access to the latest planning and operation techniques, systems and processes, we aim to assist the sports lottery industry to boost sales and develop new technologies and sales models.

Our local consulting services encompass:

- lottery venue selection and venue fit-out/design
- branding
- promotion and marketing
- game analysis
- playing trend analysis
- player end management and maintenance
- incentive schemes
- responsible lottery advice
- advertising and media advice
- equipment selection
- technology reviews/plans
- website consulting
- training and education

Currently, we provide marketing consultancy services that encompass several areas. With our continuous efforts to strengthen our professional management standard, many partnering provinces have seen satisfactory improvement in the sales of both lotto and scratch tickets, thereby demonstrating the strengths of our services.



RETAIL MANAGEMENT CONSULTANCY SERVICES

(i) LOTTERY STAR SHOP

We provide management consultancy services related to the opening of sports lottery shops in several provinces in China. The “Lottery Star Shop” sales network has been expanding rapidly, and delightful news about winners hitting the jackpot at the Lottery Star Shops are heard from time to time.

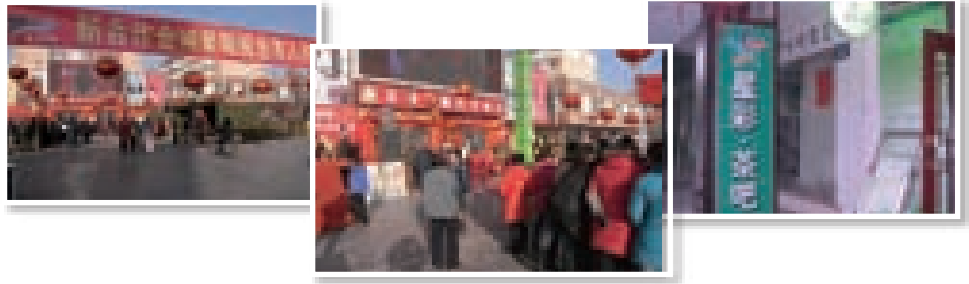
Following the launch of a plethora of new games, new Lottery Star flagship shops will be able to support video terminals of different high frequency games and new sports lottery games. In addition, these shops will be equipped with the “Lottery Star Card” customer relationship management system and the shop network management information system, thus enabling lottery players to enjoy a wider range of efficient and professional services.



(ii) CHANNEL SALES

- **China Coop**

We are the exclusive management consultant of China Coop (China's largest retailer). We sell lotteries through China Coop's some 400,000 sales outlets (primarily supermarkets and mini-market stores) across China. At present we are advising China Coop to make plan and preparation of utilising their network, staff and facilities to sell lottery products. In addition, we offer marketing consultancy services for New Cooperation Joint-Stock Trade China Co., Ltd. (a subordinate cooperative enterprise of China Coop) for launching sports lottery scratch ticket sales through its sales outlets. Our involvement ensures our strong presence in the nationwide retail chain management and marketing consultancy arena.



- **Suguo Supermarket**

We have also been appointed as the marketing consultant on the sales of sports lottery scratch tickets through the sales outlets of Suguo Supermarket Co., Ltd., the largest supermarket chain in Jiangsu province.

We believe that developing new lottery sales channels through well-established retail chain networks is the way forward and the most cost-efficient way to boost lottery sales in China.



(iii) INNOVATIVE LOTTERY SALES CHANNELS

Based on the characteristics of the vast market of China's townships and related market demand, we have taken the lead to launch promotional trucks, a new lottery sales channel, of which the doors open to reveal a stage for performers putting on variety shows. The trucks make for an efficient tool to promote the social and entertainment values of lotteries and enhance lottery sales.



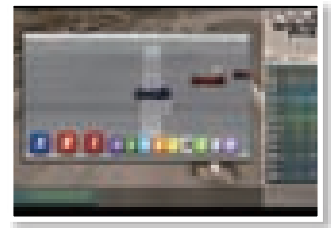
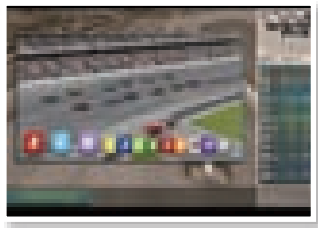
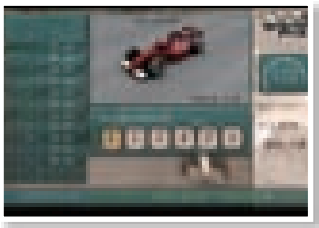
We have also helped our customers set up lottery sales booths at major public events and sports events to attract more lottery players.



LOTTERY GAMES AND SYSTEMS

Our joint venture with Ladbroke Group (a subsidiary of a reputable United Kingdom gaming company Ladbrokes PLC) has developed an interesting and new form of high-frequency game called Electronic Motor Racing ("EMR").

Driven by a central system (random number generator), the EMR game selects a winner out of 12 cars according to virtual weather, conditions of the cars, drivers' information and racing records. The display runs a motor race every 10 minutes or so and players can forecast the winner, first runner-up, second runner-up or combinations to win the corresponding prizes.

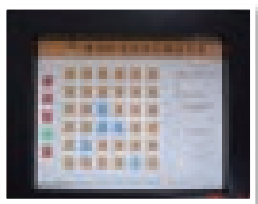


LOTTERY SALES TERMINALS

Our Group is supported by a team of experts in information technology and lottery technology. Some of them have almost 20 years of experience in China's sports lottery industry and have been involved in the design, development, technical implementation and maintenance of China's computerised sports lottery system. They are responsible for research and development of new systems, games, equipment and distribution channels.

In order to facilitate players buying lotteries with ease, we are now engaged in developing groundbreaking technologies such as handheld lottery sales terminals, portable lottery sales terminals and self-service lottery terminals. Our handheld lottery terminals operate on ordinary communication platform such as General Packet Radio Service ("GPRS"). They can be carried around and brought to places where potential players congregate such as sports venues and train stations.

Our Group is also developing our own lottery games and concepts, and we are evaluating lottery games and related system and equipment of international lottery and equipment companies with a view to have them introduced to China's sports lottery market.



RESPONSIBLE LOTTERY

AGTech advocates responsible lottery practices. We believe that most lottery players buy lotteries in a rational way and take the activity as a form of leisure and entertainment. Only a small number of players are obsessed with lottery, and most of the problem gamblers bet through illegal channels.

At AGTech, we support our customers by providing them innovative and legal lottery games, which can in effect help the government clamp down on illegal gambling.

By promoting responsible lottery, AGTech aims to strike a balance between meeting public demand for lottery and maximising social and economic benefits of lottery and minimising potential harm to individuals and the community. Meanwhile, AGTech helps customers maintain their credibility through strict business regulatory measures.

We advise our customers to implement responsible lottery measures to facilitate lottery players playing with rationality and to minimise the potentially negative effects of lottery entertainment. For example, we advise our customers against accepting credit betting and taking bets from underage players. In addition, responsible lottery information is available at lottery shops and found in product promotion materials. From time to time, we launch public educational programmes for our customers, and we also provide lottery players with proper counselling services.



Play lotteries with restraint and rationality rationally! People under the age of 18 are not allowed to buy lottery or collect prizes!

CONTRIBUTING TO THE COMMUNITY

AGTech is committed to promoting healthy and steady development of China's lottery industry that carries a sense of social responsibility. We shall continue to work closely with regulatory authorities and do our best to help the government evaluate new forms of legal and regulated avenues, with a view to fighting illegal gambling and raising funds for sports and welfare projects.

AGTech is a member of Asia Pacific Lottery Association (APLA). We work closely with other members to ensure healthy and stable development of the Asian and global lottery markets.

We often sponsor charity and sports events so as to fulfil our corporate social responsibility and contribute to the community.



Sponsoring Shanghai youth girls soccer team



AGTech Cup Olympic Photography Competition



Sponsoring Anhui Huangshan Martial Arts Competition



AGTech 15th He Long Cup Golf Celebrity Invitational Tournament

CORE CORPORATE VALUES

AGTech's philosophy is founded on five core values: FORTUNE, HEALTH, HAPPINESS, LUCK and RESPONSIBILITY. Together they form the colour scheme of our logo:



Fortune – We provide the lottery markets with lottery software, hardware and a full range of professional marketing consultancy services, with a view to boosting lottery sales and bringing fortune to lottery players through exciting game products.

Health – We liaise closely with regulatory authorities and do our utmost to help them develop a healthy lottery industry. We also assist them to evaluate new forms of legal and regulated lottery avenues with a view to cracking down on the illegal gambling market.

Happiness – As a form of entertainment, lotteries are growing in popularity among citizens, and we are privileged to bring people happiness and an exciting pastime.

Luck – Lottery wins are perceived as a token of “luck”, and it is one of our core corporate values to bring such luck to lottery players through our products.

Responsibility – We strive to actively contribute to the development of a responsible lottery industry which shall raise important funds for charity, welfare and sports development projects. We are actively involved in sports development and charity events, and we are the sponsor of a wide range of sports events.



CORPORATE CULTURE

INNOVATION AND MANAGEMENT EFFICIENCY

Our Group will continue to develop new business segments and strengthen our research and development ability. We have established three management systems, namely the operation system, financial management system and performance appraisal system. All of them have effectively boosted our work efficiency.

Meanwhile, our Group has formed a specialist team to keep track on lottery industry development and put management theories into practice. We also strive to facilitate development of China's lottery industry by conducting studies in players' psychology, marketing and promotion strategies and the impact of new technology on lottery industry.

A PEOPLE-ORIENTED APPROACH

At AGTech, talents are among our biggest assets. We are supported by talented and well-skilled employees who have solid experience in the lottery industry. We offer an excellent working environment, competitive salaries and various opportunities for employees to put their skills into good use. We will continue to streamline our incentive scheme so as to motivate our employees and help them unlock their creativity.

In what demonstrates a strong team spirit of AGTech's employees, they have formed a club to organise various sports and recreational activities for staff. This has not only enhanced friendship among the employees but also consolidated the Group's corporate culture.



FOOTPRINTS OF OUR BUSINESS

As of the date of this report, the footprints of our Group's lottery businesses cover the municipality of Chongqing and the provinces of Anhui, Gansu, Henan, Hunan, Jiangsu, Jiangxi and Liaoning in China (collectively referred to as the "Territories"). The population of the Territories in aggregate amounted to approximately 435.6 million for 2007, representing approximately one-third of the total population in China*.

In addition, out of the eight provinces in which the Group has developed its lottery businesses, three of them (namely, Jiangsu, Henan and Liaoning) were ranked first, fifth and eighth in terms of their respective total annual sports lottery sales among all the provinces in China for 2008**. Total annual sports lottery sales for 2008 for Jiangsu, Henan and Liaoning stood at approximately RMB5.0 billion, RMB2.4 billion and RMB1.9 billion respectively, totally representing approximately one-fifth of the total annual sports lottery sales of approximately RMB45.6 billion for 2008 for the whole country.

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

** source: Ministry of Finance of the PRC



Happiness

As a form of entertainment, lotteries are growing in popularity among citizens, and we are privileged to bring people happiness and an exciting pastime.





CHAIRMAN'S STATEMENT

Dear Shareholders,

The financial year of 2008/2009 was a productive year for AGTech as we continued to consolidate our business foundation and widen our market presence through various means in the lottery market of China, which has been seeing rapid growth, thanks in part to the growing popularity of lottery across the country, as well as the Chinese government's initiatives to nurture a positive operation environment for the industry.

Over the past financial year, the Group continued its focus on its sports lottery business in mainland China and adopted different strategies to drive growth and strengthen its market share in various business segments. This was in line with its business objective of applying its expertise in lottery software and hardware, and the provision of sports lottery management and marketing consultancy services to the best effect.

As a fully integrated lottery solutions provider in China, AGTech's market position remained sound and solid during the financial year. In the fields of retail chain management and marketing consultancy, we have effectively strengthened AGTech's presence by supporting and maintaining close ties with our business partners, including China Coop, New Cooperation Joint-Stock Trade China Co., Ltd., which is a subordinate cooperative enterprise of China Coop and Suguo Supermarket Co., Ltd., the largest supermarket chain in Jiangsu Province.

Since its transformation into a fully integrated lottery company in China, AGTech has been supported by an experienced management team and devoted staff with full dedication for excellence and are never short of innovative ideas. Their creativity and commitment to the Group have recently found expression in a variety of groundbreaking marketing and promotion plans catering to assist AGTech's customers. As a fast-growing enterprise, AGTech also strives to capture every opportunity that can help enhance its brand equity and strengthen the Group's market presence. And that was exemplified by its recent participation in China Joy, China's biggest digital entertainment expo held in Shanghai in July 2009.



Looking ahead, we believe China's lottery industry will continue to experience robust growth. Following months of economic downturn, China's economy has passed its trough and is gradually recovering. With this year's sports lottery sales already reaching approximately RMB30 billion as of late July, we believe the growth momentum will continue in the second half of the year. Meanwhile, the Chinese government has been making well-meaning efforts to nurture an operation environment conducive to healthy growth of the industry. All these set the stage for AGTech to seek business expansion, stretch its tentacles and expand its earning base. With the support of our strong management team and talented staff, we are confident of our ability to take advantage of the positive business environment and bring into full play of our expertise.

In the latter half of 2009, we will spare no effort on all fronts to capitalise on the positive development of China's lottery industry. We will continue to serve as a reliable supplier of quality lottery products as well as a professional management and marketing consultant in the lottery market of China. We will liaise closely with the Chinese authorities so that we can keep ourselves abreast of industry development and implement effective strategies to achieve our business objectives. In addition, we will continue to draw up specific and innovative marketing and promotion strategies targeting different localities with a view to assist our customers in boosting lottery sales and broadening AGTech's market presence across China. Meanwhile, we are always vigilant for potential business partners and new market opportunities, with a view to seeking further expansion and, ultimately, generating higher returns for our Shareholders.

With a strong sense of corporate social responsibility, we abide by our core corporate principle of enriching society through "Fortune", "Health", "Happiness", "Luck" and "Responsibility". We will continue to develop games that provide responsible lottery entertainment to the public, and we will strive to promote this principle to China's lottery industry to ensure its healthy growth.

Our success lies in the efforts of our staff and the constant support of our Shareholders, business partners and customers. On behalf of the Board, I wish to thank everyone for their indispensable contribution to AGTech. We look forward to your continuing trust and support in our endeavour to be one of the key players of the lottery industry in China.

Yours faithfully,
Sun Ho
Chairman

Hong Kong, 21 September 2009



Luck

Lottery wins are perceived as a token of "luck", and it is one of our core corporate values to bring such luck to lottery players through our products.





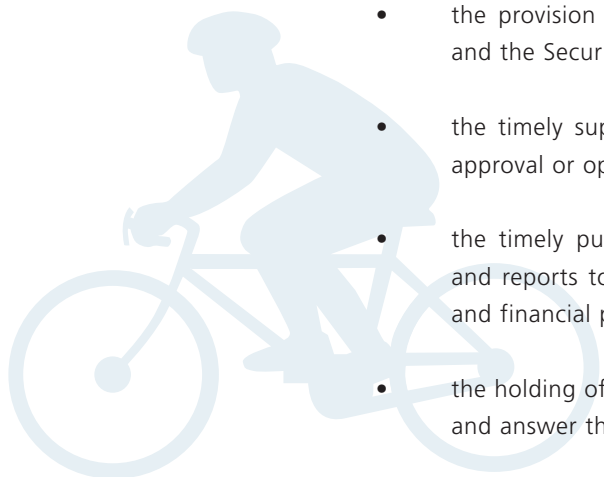
CORPORATE GOVERNANCE REPORT

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.

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 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 2009, the Company complied with the Code, except (as similarly disclosed on page 33 of the Company's annual report for the year ended 30 June 2008) 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 executive Director, Mr. Sun Ho, during the year. The Company considered that the combination of the roles of chairman and chief executive officer could effectively formulate and implement the strategies of the Company. The Company considered that under the supervision of its Board and its independent non-executive Directors, a balancing mechanism existed so that the interests of Shareholders were adequately and fairly represented. The Company considered that there was no imminent need to change the arrangement; and
- under the Code provision A.4.2, every Director should be subject to retirement by rotation at least once every three years. During the year under review, the chairman of the Board was not subject to retirement by rotation, as the Board considered that the continuity of the office of the chairman provided the Group with strong and consistent leadership and was of great importance to the smooth operations of the Group.

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 results 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.

CORPORATE GOVERNANCE REPORT

During the year ended 30 June 2009, the members of the Board comprised:

Executive Directors:	Mr. Sun Ho (<i>Chairman</i>) Mr. Robert Geoffrey Ryan Mr. Bai Jinmin Mr. Liang Yu
Non-executive Director:	Ms. Yang Yang
Independent non-executive Directors:	Mr. Kwok Wing Leung Andy Mr. Wang Ronghua Mr. Hua Fengmao

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. 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 detail 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.

Six Board meetings were held during the year ended 30 June 2009. The attendance record of each Director is as follows:

Mr. Sun Ho	5/6
Mr. Robert Geoffrey Ryan	6/6
Mr. Bai Jinmin	5/6
Mr. Liang Yu	4/6
Ms. Yang Yang	0/6
Mr. Kwok Wing Leung Andy	4/6
Mr. Wang Ronghua	5/6
Mr. Hua Fengmao	4/6

The Board has the ultimate responsibility for the preparation of financial statements of the Group. For the year ended 30 June 2009, 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 2009, for which the auditors of the Company have reporting responsibilities as stated in the independent auditors' report on page 61.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the year ended 30 June 2009, the roles of chairman and chief executive officer of the Company were performed by the same individual, namely, the executive Director, Mr. Sun Ho. 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 for a term of two years commencing from 19 July 2006. Following the expiry of the aforesaid service agreements on 18 July 2008, the appointment of each of such independent non-executive Directors was renewed under a new service agreement for a term of two years commencing from 19 July 2008. The appointments of the aforesaid independent non-executive Directors are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with its bye-laws and shall be terminated by either party to such agreement giving the other party not less than one month's written notice.



REMUNERATION OF DIRECTORS

The remuneration committee was established on 24 June 2005. During the year under review, Mr. Kwok Wing Leung Andy, Mr. Wang Ronghua and Mr. Hua Fengmao remained as members of the remuneration committee. The current chairman of the remuneration committee is Mr. Kwok Wing Leung Andy.

The remuneration committee is responsible for formulating and recommending to the Board the emolument 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 emolument policy of the employees of the Group is formulated by the remuneration committee on the basis of their performance, qualifications and competence. As incentives for their contributions to the Group, the employees of the Group and all the Directors (including the independent non-executive Directors and non-executive Director) may also be granted share options by the Company from time to time pursuant to the Share Option Scheme. The emoluments of the Directors are reviewed and approved by the remuneration committee, having regard to the Group's operating results, individual performance and comparable market remuneration packages for executive and non-executive directors of listed issuers in Hong Kong.

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

During the year ended 30 June 2009, a meeting was held by the remuneration committee for the approval of the cancellation and the grant of share options of the Company to certain Directors, eligible employees and other eligible participants of the Group pursuant to the Share Option Scheme. Record of individual attendance is as follows:

Mr. Kwok Wing Leung Andy	1/1
Mr. Wang Ronghua	1/1
Mr. Hua Fengmao	1/1



NOMINATION OF DIRECTORS

The nomination committee was established on 24 June 2005. During the year under review, 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 upon request.

During the year ended 30 June 2009, no meeting was required to be held by the nomination committee.

AUDITORS' REMUNERATION

Remuneration to the auditors of the Company, HLB Hodgson Impey Cheng, amounted to HK\$750,000 for the year ended 30 June 2009. The Group also paid HK\$41,200 to HLB Hodgson Impey Cheng for the tax compliance work of the Company and certain subsidiaries for the year of assessment 2008/2009 and HK\$30,000 for a non-audit service.

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 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 quarterly, interim, annual results and reports to the Board.

The terms of reference of the audit committee have been amended in order to conform to the new Code provisions for removing the requirement of a qualified accountant in the Company and for the audit committee to ensure that the management of the Company has discharged its duty to have an effective internal control system including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget.

During the year under review, 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 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	4/4

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 2009, 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. The audit committee also attended a meeting with HLB Hodgson Impey Cheng, the auditors of the Company, to discuss the final results of the Group and audit status.



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, risk management functions, the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget.

During the year under review, the Group delegated a manager from the head office in Hong Kong and an internal auditor from a PRC subsidiary to carry out site visits by rotation to different operating subsidiaries of the Company in China to ensure that proper accounting and internal control systems stipulated by the head office were implemented and followed by such subsidiaries.

Training was also provided to newly appointed accounting staff in China to ensure that they were familiar with the accounting and internal control systems of the Group stipulated by the head office in Hong Kong.

In order to strengthen the accounting and financial reporting functions of the Group, in view of its continuous business expansion in China, the Company has also created a new position of Senior Financial Controller to lead the accounting team of the Group during the year under review.

SHAREHOLDERS RELATIONS

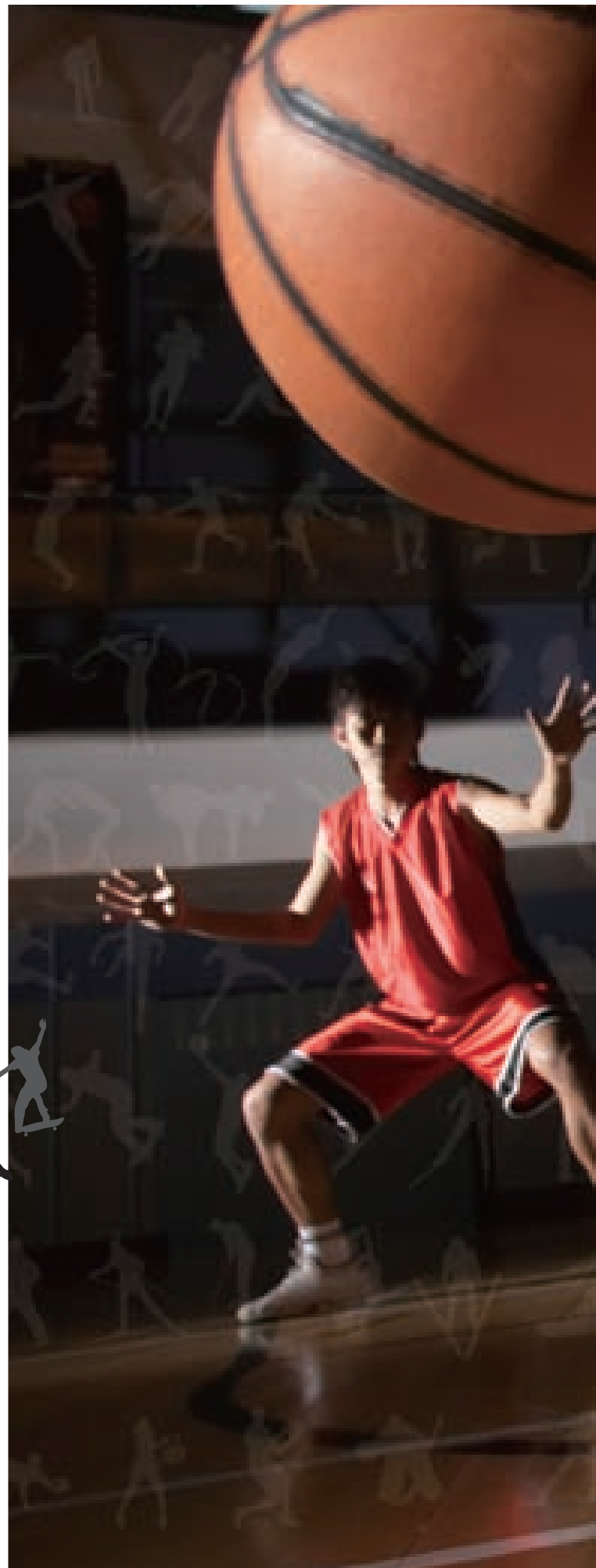
The Group is committed to maintaining a high level of transparency and employs a policy of open and timely disclosure of relevant information to the Shareholders.

The Board strives to encourage and maintain constant dialogue with the Shareholders through various means. The Directors host the annual general meeting each year to meet with 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.

Notice to the Shareholders in respect of the annual general meetings and other general meetings of the Company will be sent by the Company at least 20 clear business days and at least 10 clear business days respectively before such meetings.

Responsibility

We strive to actively contribute to the development of a responsible lottery industry which shall raise important funds for charity, welfare and sports development projects. We are actively involved in sports development and charity events, and we are the sponsor of a wide range of sports events.





MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

During the first half of 2009, despite the economic downturn brought by the international financial crisis, China's lottery industry continued its established trend of stellar growth, thanks in part to a range of positive initiatives taken by the Chinese government, which resulted in growing public interest in lotteries and a wider presence of lotteries across the country.

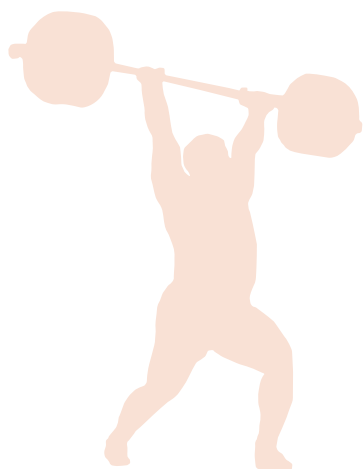
From January to June 2009, total lottery sales reached approximately RMB62.77 billion, up by approximately 21.8% from approximately RMB51.53 billion recorded for the same period last year. Sales of sports lottery amounted to RMB27.08 billion, up by approximately 31.1% and accounted for 43.1% of the total.

The lottery industry in China is solely operated by the China Welfare Lottery Issuance Centre and SLAC, both of which operate under regulatory administration managed by the Ministry of Finance. Funds raised from lottery sales are primarily allocated to sports development, social development, the education sector and the health sector.

The rapid growth and increasing diversification of the PRC lottery sector has given rise to an increasing need for lottery operators to outsource certain day-to-day operational and system supply-related tasks to qualified private enterprises. At present, private enterprises' involvement in the industry takes the forms of territorial marketing consultancy services, retail management consultancy services, software game and system development, as well as supply of hardware and related accessories.

In recent months, the Chinese government has taken a number of initiatives favourable to the lottery industry. They include a new single match sports lottery game launched in May 2009. Recently, this game has been trial launched in 7 provinces and our Group has also been involved in the provision of retail management consultancy services for promoting the game. Since this exciting new sports lottery game covers the very popular European Football League, English Premier League and National Basketball Association ("NBA") games, coupled with next year's World Cup, it is expected that such game will become one of the largest lottery game categories in China.

On the other hand, following the re-launch of sports lottery instant scratch tickets in the second quarter of 2008, the sales of instant tickets continued to show very strong growth. From January to June 2009, sales of scratch lotteries accounted for 19.6% of the total sales of sports lottery.



Furthermore, for the financial year under review, sports lottery high frequency games have been rolling out gradually into 21 provinces in China. The initiative is widely seen as an ingenious move to capitalise on the rising spending power of the Chinese consumers and the growing middle class. It is anticipated that this form of game will take a significant market position in terms of sales once it is fully rolled out.

Another new government measure was the introduction of Lottery Regulations, which took effect on 1 July 2009. The regulations, which account for the first authoritative regulations designed to supervise the lottery industry and prevent fraud, cover areas including lottery fund management and penalties on the breach of regulations. The promulgation of these regulations lays the foundation stone for future sound development of the lottery industry in China. This timely move provides regulatory clarity and offers legal protection to legitimate industry players, like the Company, suppliers and retailers in a burgeoning industry. It also helps to support further growth of China's lottery industry and bring it in line with international standards. As a legitimate service provider and product supplier in the industry, the Group also stands to benefit from the new regulations.

BUSINESS REVIEW

As a fully integrated lottery solutions provider in China, the Group continued to consolidate its business foundation and widen its market presence in a market that is experiencing robust growth.

In the financial year under review, the Group continued its focus on sports lottery business in mainland China. Revenue came mainly from the provision of territorial sports lottery marketing consultancy services and retail management consultancy services, as well as supply of sports lottery sales terminals and accessories. The Group adopted different strategies to drive growth and strengthen its market share in its various sports lottery businesses.

On the retail front, the Group continued to maintain its solid position in the market. As at 30 June 2009, retail shops of the Group's customers spanned 7 provinces and accounted for approximately 30.8% of the total population in China for 2007*. As the exclusive management consultant of China Coop, the Group continued to advise China Coop in regard to the sale of lotteries through its approximately 400,000 sales outlets as well as providing consultancy services to New Cooperation Joint-Stock Trade China Co., Ltd., a subordinate cooperative enterprise of China Coop. Following the national re-launch of sports lottery instant tickets, these tickets began to be sold through the sales outlets of China Coop and Suguo Supermarket Co., Ltd., the largest supermarket chain in Jiangsu province. All these have effectively strengthened the Group's presence in the fields of retail chain management and marketing consultancy.

MANAGEMENT DISCUSSION AND ANALYSIS

On the marketing and promotion front, the Group assisted its customers to launch different lottery promotion campaigns such as lottery sales booths and promotional trucks that run through rural towns in China. The trucks can be transformed into stages where performers put on variety shows, which in effect help to promote the social and entertainment values of lotteries and boost lottery sales.

For the hardware business, the Group is developing new sports lottery technology such as handheld mobile lottery sales terminals, portable lottery sales terminals and self-service terminals. For instance, handheld mobile lottery sales terminals run on widely used communication platforms such as General Packet Radio Service (“GPRS”), therefore a retail salesperson can take it to places where potential players congregate, such as sports venues and train stations.

For the software business, the AGTech-Ladbroke joint venture is now undergoing the final testing on its new high frequency car racing game. This is a monitor game played every 10 minutes or so and is visually displayed upon in-store monitors so that players can watch the game and results. In July 2009, the Group took part in China Joy, China’s biggest digital entertainment expo held in Shanghai. During the four-day event, the Group put on show its entertainment features and information on its unique operation model in a bid to enhance its brand equity and strengthen the Group’s market presence.

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



OUTLOOK

China’s lottery industry is booming and the trend is set to continue. Following months of economic downturn, China’s economy has passed its trough and is gradually recovering. Meanwhile, the Chinese government is making well-meaning efforts to nurture an operational environment conducive to healthy growth of the lottery industry. The burgeoning middle class and the growth in disposable income of the urban and rural population also help to fuel the growth momentum of the lottery industry. All these set the stage for the Group to seek business expansion, stretch its tentacles and boost its earnings base.

With sports lottery sales from January to June 2009 already reaching RMB27.08 billion, the Group considers that the growth momentum will be sustained for the second half of the year, and it will step up efforts on all fronts to capitalise on the trend. In the latter half of the year, the Group will continue to serve as a reliable supplier of quality lottery products as well as a professional management and marketing consultant in the sports lottery market of China. The Group will liaise closely with the authorities so that it can keep itself abreast of industry development and implement effective strategies to achieve its business objectives. Meanwhile, it will continue to draw up specific marketing and promotion strategies targeting different localities with a view to boosting lottery sales and broaden the Group's market presence across China. The Group will also be on the lookout for more potential business partners and new market opportunities with a view to seeking further expansion and ultimately generating higher returns for the Shareholders.

REVIEW OF OPERATING RESULTS

Revenue and profitability

Revenue of the Group for the financial year under review amounted to approximately HK\$61.6 million, representing a surge of approximately 37.0% over last year. The increase in revenue of the Group during the financial year under review was mainly attributable to the contributions of its Consultancy services in the PRC, which were boosted as the Group expanded into more provinces of the PRC and penetrated into the lucrative sports lottery scratch tickets market during the financial year under review. Indeed, approximately 95.5% of the Group's revenue for the financial year under review was derived from the provision of its Consultancy services in the PRC. During the financial year under review, the gross profit percentage stood at approximately 40.7% whereas the gross profit percentage of the corresponding year in 2008 was approximately 63.9%. The decrease in gross profit percentage was due to the fact that higher cost of sales and services was incurred by the Group for the year since there were more start-up costs as the Group expanded its retail management consultancy business into more provinces in the PRC, supplied more sports lottery sales terminals and accelerated its penetration into the sports lottery scratch tickets market.

The net loss of the Group attributable to equity holders of the Company for the financial year under review amounted to approximately HK\$189.5 million (2008: HK\$128.5 million). The increase in net loss of the Group was primarily attributable to (i) the share-based payments expense (totalling approximately HK\$123.1 million for the financial year under review) resulting from the adoption of HKFRS 2 "Share-based Payment" for share options of the Company granted to Directors, eligible employees and other eligible participants under the Share Option Scheme. Higher share-based payments expense was charged during the financial year under review as the Company reduced and cancelled



MANAGEMENT DISCUSSION AND ANALYSIS

the number of Shares of the Company entitled under share options previously granted to Directors, eligible employees and other eligible participants under the Share Option Scheme; (ii) the amortisation of other intangible assets (amounting to approximately HK\$39.3 million for the financial year under review); and (iii) the increase in cost of sales and services as well as selling and administrative expenses as a result of the continuous expansion of the Group's businesses.

Capital resources and liquidity

Net bank balances and cash as at 30 June 2009 were approximately HK\$172.2 million (2008: HK\$212.9 million). The total assets and net current assets of the Group as at 30 June 2009 were approximately HK\$1,073.9 million and approximately HK\$211.2 million respectively.

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

Capital commitments

	2009	2008
	HK\$	HK\$
Contracted but not provided for:		
Acquisition of equipment	–	6,578,514

Charges on Group's assets

As at 30 June 2009, there was no charge on the assets of the Group.

Foreign exchange exposure

As at 30 June 2009, the Group's 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.

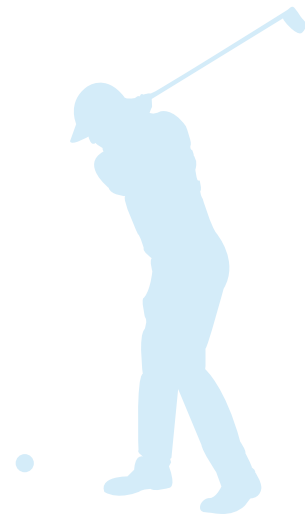
Contingent liabilities

As at 30 June 2009, the Group had no material contingent liabilities.

Employees' information

As at 30 June 2009, the Group had 214 (2008: 209) employees in Hong Kong, Macao and the PRC. Total staff costs (excluding Directors' emoluments) for the year ended 30 June 2009 amounted to approximately HK\$23.0 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.



BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Mr. Sun Ho – Executive Director and Chairman

Mr. Sun Ho, aged 40, 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 was previously the CEO of China LotSynergy Holdings Limited, the issued shares of which are listed on GEM of the Stock Exchange, and 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 51, 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) Company Limited) and Maxprofit Management Limited, an indirect wholly-owned subsidiary of the Company.

Mr. Ryan brings to the Company over 17 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 43, 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 Company Limited), 北京思德泰科技發展有限公司 (Beijing Systek Science & Technology Development Company Limited) and 遼寧世紀星彩企業管理有限公司 (China Lottery Management (Liaoning) Company Limited), being indirect wholly-owned subsidiaries of the Company, responsible for their business development, strategic planning and supervision of their operations.

Mr. Bai has over 15 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.

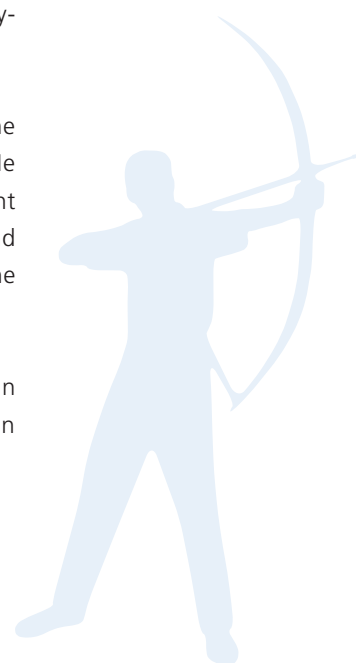
Mr. Bai holds a bachelor degree in Engineering from 杭州電子工業學院 (the Electronics Institute of Hangzhou), the PRC (now known as Hangzhou Dianzi University (杭州電子科技大學)) and a master degree in Business Administration from the National University of Singapore.

Mr. Liang Yu – Executive Director

Mr. Liang Yu, aged 36, is the executive Director of the Company and the director of 世紀星彩企業管理有限公司 (China Lottery Management Company Limited), an indirect wholly-owned subsidiary of the Company.

Mr. Liang has approximately 12 years of law practice experience. Before joining the Company, Mr. Liang was a partner with Haiwen & Partners, a law firm in the PRC. He has been advising clients on a variety of legal issues involving foreign direct investment and private equity investment in the PRC as well as other forms of foreign trade and economic cooperation activities. In addition, Mr. Liang has extensive experience in the area of dispute resolution in respect of international commercial transactions.

He received his LL.B degree from the University of International Business & Economics in Beijing, the PRC in 1994 and his LL.M degree from the New York University Law School in New York, the United States of America in 2003.



■ BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Yang Yang – Non-Executive Director

Ms. Yang Yang, aged 32, is the non-executive Director of the Company.

Ms. Yang was an Olympic short track speed skater and a member of the Chinese national short track team. As one of the world's most powerful short-track speed skaters, Ms. Yang has won a total of 59 world titles and broken world record six times in her career in World Championships and World Cup events. Most notably, her winning of two gold medals in the women's 500 metres and 1,000 metres short tracks at the 2002 Winter Olympics made her the first athlete from the PRC to win a gold medal at the Winter Olympics and the first woman athlete from the PRC to win two short-track individual events at one Olympics. She has dominated short track speed skating for many years and was called the "Queen of Short Track Speed Skating" in the PRC.

Ms. Yang is enthusiastic to participate in volunteer work to contribute to the Olympics and the society. She was a representative of the 11th session of the National People's Congress of the PRC and was elected as a delegate of the 16th National Congress of the Communist Party of China in 2002 and she was a consultant of the Volunteer Department of Beijing Olympic Organisation Committee and an anchor woman of "Olympics in China" in CCTV-4. In addition, she has served on the Chinese Olympic Committee, the Athletes Committee of the International Skating Union (ISU), the Women and Sport Committee of the International Olympic Committee, and the Athletes Committee of the World Anti Doping Agency. In recognition of her important contributions to the society, Ms. Yang was also voted as (i) one of the ten outstanding young persons in the PRC by All-China Youth Federation, China Youth Development Foundation and ten news agencies in 2002, (ii) one of the ten excellent women of China by All-China Women's Federation and eleven news agencies in 2002, (iii) the best female athlete and the most popular female athlete by Chinese Olympic Committee, All-China Sports Federation and CCTV in 2002, and won numerous sports awards from the Chinese National Sports Committee. Ms. Yang holds a bachelor degree in business administration from Tsinghua University, the PRC.

Mr. Wang Ronghua – Independent Non-executive Director

Mr. Wang Ronghua, aged 64, is the chief representative of Treasury Holdings China Limited in Beijing. He has been appointed as independent non-executive Director as well as member of each of the audit, remuneration and nomination committees of the Company since 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 41, is the managing director of BOCOM International (Asia) Limited. He has been appointed as independent non-executive Director as well as member of each of the audit, remuneration and nomination committees of the Company since 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 joining BOCOM International (Asia) Limited, Mr. Hua held various positions in various investment banks. Mr. Hua was the founding partner and managing director of China Finance Strategies Limited, 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 35, has over 13 years of local and overseas financial and general management experiences and has experience in the trading business in the PRC. He has been appointed as independent non-executive Director as well as member of each of the audit, remuneration and nomination committees of the Company since 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. With effect from 1 April 2009, Mr. Kwok resigned as chairman of Asia Coal Limited (formerly known as Nubrand Group Holdings Limited) but remained as its executive director. The issued shares of Asia Coal Limited are listed on the Main Board of The Stock Exchange.



BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

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 Company Limited), 世紀星彩企業管理有限公司 (China Lottery Management Company Limited), 湖南世紀星彩企業管理有限公司 (China Lottery Management (Hunan) Company Limited), 江西世紀星彩企業管理有限公司 (China Lottery Management (Jiangxi) Company Limited), 安徽世紀星彩企業管理有限公司 (China Lottery Management (Anhui) Company Limited), all being indirect 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) Company Limited), 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, Massachusetts, US.

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, Massachusetts, U.S.

Mr. Chen Ming Hui

Mr. Chen Ming Hui is the director and business operational officer of 世紀星彩企業管理有限公司 (China Lottery Management Company Limited) and responsible for business development, marketing and sales strategy planning, and supervision of daily operations.

Mr. Chen has over 19 years of experience in China's lottery industry and possesses extensive professional knowledge with respect to the market trend, market demand, sales operation, management consultancy and system technology of the PRC lottery industry. Prior to joining the Group, Mr. Chen was the general manager and CEO of 北京國彩諮詢有限公司 (Beijing Guocai Marketing Co., Ltd.) (now known as 江西國彩營銷策劃有限公司 (Jiangxi Guocai Marketing Co., Ltd.)) the general manager and CEO of 北京昌黎華夏葡萄酒有限公司 (Beijing Chang Li Huaxia Wine Co., Ltd.), and the head of marketing of 北京太盈科技發展有限公司 (Beijing Tera Science & Technology Development Co., Ltd.).

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

As a result of Mr. Chen's contribution to the society, Mr. Chen was awarded 2nd young entrepreneur in Jiangxi province (江西省第二屆優秀青年企業家) and the outstanding young entrepreneur in Jiangxi province (江西省傑出青年企業家). Mr. Chen graduated in management from Jiangxi Institute of Economic Administrators.

Ms. Wei Huanyi

Ms. Wei Huanyi is the senior manager of the business development division (Greater China) of the Group and responsible for the business development, marketing strategy planning, channel expansion and planning, public relations management.

Ms. Wei has extensive experience in marketing, network and channel building, brand promotion, governmental affairs and public relations, 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 11 years, responsible for the building of the nation-wide network for food and commerce systems and the logistics. She also participated in the implementation of the food circulation projects of the World Bank in China and the co-ordination work of the committees of the State Council of China. 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, deputy general manager of Zhongshi Group Co., Ltd., responsible for the exploration of the commercial property throughout the country and the management of all kinds of properties.

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, a member of China Federation of Logistics & Purchasing, and the vice-chairman of the Professional Committee of Media Shopping, China General Chamber of Commerce.

Mr. Kwok Kei Wai

Mr. Kwok is the senior assistant to executive directors of the Group. He joins the Group after working as Chief Consultant (PRC) for Scientific Games ("SGI"), a major lottery firm based in the United States, laying most of the ground work for SGI's successful involvement within China's lottery market.

Mr. Kwok also brings to the Company over 30 years of gaming experiences at most levels within the industries and with the last 16 years based in the PRC. During his tenure in the PRC, Mr. Kwok has served as a marketing director (PRC) for Autotote Corp., managing director and general manager for Guangzhou SuiHua Technique Company (廣州穗華科技), managing director for Guangzhou JianGuoJianCheng Techniques and Consulting Services (廣州建國建成科技諮詢服務有限公司) and an executive director for Shanghai Lottery Information Company (上海申彩科技).

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Xu Zhengning

Mr. Xu Zhengning is the deputy director of 世紀星彩企業管理有限公司 (China Lottery Management Company Limited), 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 12 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.

Mr. Alex Kovach

Mr. Alex Kovach is a director of two of the Company's subsidiaries, namely, Asia Gaming Technologies Limited and 亞博泰科科技(北京)有限公司 (Asia Gaming Technologies (Beijing) Company Limited). He has over 4 years of experience in the leisure and gaming industry and is responsible for the business development, strategic planning and management of these subsidiaries. Mr. Kovach is also the Chief Executive Officer – International Development of Ladbrokes PLC. He holds a bachelor degree in Geography from Durham University, the United Kingdom and a master degree in Business Administration from INSEAD, France. He is a member of the Institute of Directors and the Marketing Society in the United Kingdom.

Mr. Kevin Hopgood

Mr. Kevin Hopgood is a director of two of the Company's subsidiaries, namely, Asia Gaming Technologies Limited and 亞博泰科科技(北京)有限公司 (Asia Gaming Technologies (Beijing) Company Limited). He has over 35 years of experience in the leisure and gaming industry and is responsible for the business development, strategic planning and management of these subsidiaries. Mr. Hopgood is also the Managing Director – International Development of Ladbrokes Betting & Gaming Ltd. He holds a Master Degree in Business Administration from the University of Portsmouth and a Diploma in Marketing from the Chartered Institute of Marketing in the United Kingdom. He is a Fellow of the Chartered Management Institute (FCMI) in the United Kingdom, a Member of the Institute of Directors in the United Kingdom and a Member of the Chartered Institute of Marketing (MCIM) in the United Kingdom as well as being a Chartered Institute of Marketing's designated Chartered Marketer.

Mr. Wong Wai Sing

Mr. Wong Wai Sing was appointed as the company secretary, authorised representative and senior financial controller of the Company with effect from 4 March 2009. Mr. Wong is a fellow member of the Hong Kong Institute of Chartered Secretaries, the Institute of Chartered Secretaries and Administrators, the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Wong holds a master degree in professional accounting from the Hong Kong Polytechnic University. He has extensive experience in the financial and accounting functions of various listed companies in Hong Kong and had been a company secretary for a Hong Kong main board listed company for over 5 years. Mr. Wong is responsible for overseeing the company secretarial, financial reporting and accounting functions of the Group.

Ms. Lo Kei Chi

Ms. Lo Kei Chi is the financial controller 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 15 years of experience in accounting. Prior to joining the Company, Ms. Lo had worked as finance manager in a multinational company.



DIRECTORS' REPORT

The Directors present the annual report and the audited consolidated financial statements of the Group for the year ended 30 June 2009.

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 34 respectively to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 30 June 2009 are set out in the consolidated income statement on page 63.

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 27 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 listed securities of the Company.



FINANCIAL SUMMARY

A summary of the results of the Group and of the assets and liabilities of the Group for the past 5 financial years from the year ended 30 June 2005 is set out on page 116.

DIRECTORS

The Directors 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. Bai Jinmin	(appointed on 19 September 2007)
Mr. Liang Yu	(appointed on 23 April 2008)

Non-executive Director:

Ms. Yang Yang	(appointed on 3 December 2007)
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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)

In accordance with Bye-laws 86 and 87 of the Company, certain remaining Directors (namely, Mr. Robert Geoffrey Ryan and Mr. Bai Jinmin and Mr. Kwok Wing Leung Andy) will retire at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE AGREEMENTS

Mr. Sun Ho was appointed as executive Director under a service agreement with no fixed term of service commencing from 19 July 2006. The service agreement 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 (renewed for another 2 years on 1 May 2009) and 19 September 2007 (renewed for another 2 years on 19 September 2009) respectively. The renewed service agreements shall continue until terminated by either party thereto giving the other party at least three months' notice in writing.

■ DIRECTORS' REPORT

Mr. Liang Yu was appointed as executive Director and a director of one of the Company's subsidiaries, 世紀星彩企業管理有限公司 (China Lottery Management Company Limited), in the PRC, each under a service agreement for a term of twenty-four months commencing from 23 April 2008, unless such agreements are terminated by either party thereto giving the other party not less than three months' notice and one month's notice in writing respectively.

Ms. Yang Yang was appointed as non-executive Director under a service agreement for a term of twenty-four months commencing from 3 December 2007, unless such agreement is terminated by either party thereto giving the other party not less than one month's 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. Following the expiry of the aforesaid service agreements on 18 July 2008, the appointment of each of Mr. Kwok Wing Leung Andy, Mr. Wang Ronghua, and Mr. Hua Fengmao was renewed under a new service agreement for a term of twenty-four months commencing from 19 July 2008, unless such new service agreement is terminated by either party thereto giving the other party at least one month's notice in writing.

None of the Directors proposed for re-election at the forthcoming annual general meeting of the Company has a service agreement which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

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, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2009, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange, were as follows:

a. Interests in ordinary Shares:

Name of Director	Number of Shares		Total	Approximate percentage held
	Personal interest	Corporate interest		
Mr. Sun Ho	27,078,000	2,006,250,000 (Note)	2,033,328,000	56.78%
Ms. Yang Yang	400,000	–	400,000	0.01%
Mr. Wang Ronghua	2,275,000	–	2,275,000	0.06%
Mr. Hua Fengmao	1,355,000	–	1,355,000	0.04%
Mr. Kwok Wing Leung Andy	1,515,000	–	1,515,000	0.04%

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 options of the Company (which were regarded as unlisted physically settled equity derivatives):

Name of Director	Date of grant	Exercise price per Share HK\$	Exercisable period (Note)	Number of underlying Shares entitled (in respect of share options of the Company)				
				As at 1 July 2008	Granted during the year	Exercised during the year	Forfeited during the year	As at 30 June 2009
Mr. Robert Geoffrey Ryan	22 March 2007	1.40	22 March 2008 – 21 March 2012	26,750,000	–	–	(26,750,000)	–
	9 October 2008	0.2198	9 October 2009 – 8 October 2013	–	13,375,000	–	–	13,375,000 (representing approximately 0.37% of the issued share capital of the Company)
Mr. Bai Jinmin	15 June 2007	1.77	15 June 2008 – 14 June 2012	26,750,000	–	–	(26,750,000)	–
	9 October 2008	0.2198	9 October 2009 – 8 October 2013	–	13,375,000	–	–	13,375,000 (representing approximately 0.37% of the issued share capital of the Company)
Mr. Liang Yu	11 July 2008	0.754	11 July 2009 – 10 July 2013	–	26,750,000	–	(26,750,000)	–
	9 October 2008	0.2198	9 October 2009 – 8 October 2013	–	13,375,000	–	–	13,375,000 (representing approximately 0.37% of the issued share capital of the Company)
Ms. Yang Yang	11 July 2008	0.754	11 July 2009 – 10 July 2013	–	2,675,000	–	(2,675,000)	–
	9 October 2008	0.2198	9 October 2009 – 8 October 2013	–	1,337,500	–	–	1,337,500 (representing approximately 0.037% of the issued share capital of the Company)

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

Save as disclosed above, as at 30 June 2009, none of the Directors and chief executives 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

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 2009, so far as was known to the Directors or chief executives of the Company, the following persons (not being Directors or chief executives of the Company) had, or were deemed to have, interests and long positions in the Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or, were expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital and recorded in the register kept by the Company pursuant to section 336 of the SFO:



Interests in the Shares:

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	56.02%
Fine Bridge International Limited	Beneficial owner (Note 2)	237,580,000	6.63%

Notes:

- 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.
- These 237,580,000 Shares were held in the name of Fine Bridge International Limited. Fine Bridge International Limited is 20% owned by HB Resources Investment Limited, which in turn is beneficially and wholly-owned by Mr. Bai Jinmin, an executive Director.

Save as disclosed above, as at 30 June 2009, the Directors or chief executives of the Company were not aware of any other substantial Shareholder (not being a Director or chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares, underlying Shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who was expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital and recorded in the register kept by the Company pursuant to section 336 of the SFO.

INTERESTS OF OTHER PERSONS

As at 30 June 2009, apart from the interests in the Shares, underlying Shares and debentures of the Company and its associated corporations held by the Directors, chief executives 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 as disclosed above, as at 30 June 2009, there was no other person 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.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on information that is publicly available to the Company and within the knowledge of the Directors, the Company maintained sufficient public float of the Shares, representing no less than 25% of the total issued Shares as required under the GEM Listing Rules.

SHARE OPTIONS

Particulars of the Company's Share Option Scheme and details of movements in the share options under such scheme during the year are set out in note 31 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 revenue for the year attributable to the Group's major customers were as follows:

– the largest customer	59.7%
– five largest customers combined	90.3%

The percentage of purchases for the year attributable to the Group's five largest suppliers combined was less than 30%.

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 customers or suppliers.

INTERESTS IN COMPETING BUSINESS

None of the Directors or the controlling Shareholder of the Company had an interest in a business, which competes or may compete with the businesses 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.

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 formulated by the remuneration committee on the basis of their performance, qualifications and competence. As incentives for their contributions to the Group, the employees of the Group and all the Directors (including the independent non-executive Directors and non-executive Director) may also be granted share options by the Company from time to time pursuant to the Share Option Scheme.

The emoluments of the Directors are decided by the remuneration committee, having regard to the Company's operating results, individual performance and comparable market remuneration packages for executive and non-executive directors of listed issuers in Hong Kong.

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 2009 have been reviewed and commented on by the audit committee.

AUDITORS

HLB Hodgson Impey Cheng, the auditors of the Company, will retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Sun Ho
Chairman

21 September 2009





Chartered Accountants
Certified Public Accountants

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF AGTECH 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 63 to 115, which comprise the consolidated balance sheet as at 30 June 2009, 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.

AUDITORS' 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 Companies Act of Bermuda, 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 auditors' judgement, 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 auditors consider 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.

■ INDEPENDENT AUDITORS' REPORT

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 2009 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.

HLB Hodgson Impey Cheng

Chartered Accountants

Certified Public Accountants

Hong Kong, 21 September 2009

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2009

	Notes	2009 HK\$	2008 HK\$
Revenue	7	61,621,978	44,970,170
Cost of sales and services		(36,513,728)	(16,251,973)
Gross profit		25,108,250	28,718,197
Bank interest income		2,639,979	6,841,715
Other income		1,497,737	3,972
Selling and administrative expenses		(65,830,698)	(43,142,044)
Loss from business operations		(36,584,732)	(7,578,160)
Share-based payments		(123,090,447)	(86,253,452)
Net foreign exchange loss		(58,440)	(4,542,351)
Amortisation of other intangible assets	17	(39,270,108)	(39,840,490)
Loss before taxation		(199,003,727)	(138,214,453)
Taxation	9	7,901,884	8,601,004
Loss for the year	10	(191,101,843)	(129,613,449)
Attributable to:			
Equity holders of the Company		(189,499,731)	(128,536,053)
Minority interests		(1,602,112)	(1,077,396)
		(191,101,843)	(129,613,449)
Loss per Share			
Basic and diluted	13	HK5.30 cents	HK3.59 cents

CONSOLIDATED BALANCE SHEET

At 30 June 2009

	Notes	2009 HK\$	2008 HK\$
Non-current assets			
Property, plant and equipment	14	25,112,795	17,544,830
Goodwill	15	662,199,119	664,123,438
Other intangible assets	17	119,638,728	158,859,834
Investment in an associate	18	–	–
Deposits and prepayments	22	46,175,666	54,738,384
Other assets		1,612,552	–
		854,738,860	895,266,486
Current assets			
Inventories	19	114,958	247,714
Trade receivables	20	9,592,417	11,423,291
Amounts due from customers for contract work	21	1,539,009	2,568,135
Other receivables, deposits and prepayments	22	35,701,425	29,196,116
Current tax recoverable		–	410,039
Pledged bank deposits	23	501,217	1,287,182
Bank balances and cash	23	171,706,715	211,656,479
		219,155,741	256,788,956
Current liabilities			
Trade payables	24	779,388	2,875,120
Other payables, accruals and deposits received	25	5,948,026	2,736,277
Current tax liabilities		1,201,501	–
		7,928,915	5,611,397
Net current assets		211,226,826	251,177,559
Total assets less current liabilities		1,065,965,686	1,146,444,045
Non-current liabilities			
Deferred tax liabilities	26	28,883,166	38,810,384
Net assets		1,037,082,520	1,107,633,661
Capital and reserves			
Share capital	27	7,162,670	7,160,170
Reserves		1,027,665,780	1,096,350,958
Equity attributable to equity holders of the Company		1,034,828,450	1,103,511,128
Minority interests		2,254,070	4,122,533
Total equity		1,037,082,520	1,107,633,661

The consolidated financial statements were approved and authorised for issue by the Board on 21 September 2009 and were signed on its behalf by:

Sun Ho
Director

Robert Geoffrey Ryan
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2009

	Attributable to equity holders of the Company							Total HK\$	Minority interests HK\$	Total equity HK\$
	Share capital HK\$	Share premium HK\$	Share options reserve HK\$	Statutory reserve HK\$ (Note (a))	Exchange reserve HK\$	Contributed surplus HK\$ (Note (b))	Accumulated losses HK\$			
At 1 July 2007	7,157,670	998,107,099	43,329,120	292,038	170,032	58,299,875	(52,161,692)	1,055,194,142	5,100,086	1,060,294,228
Exchange differences arising on translation of foreign operations recognised directly in equity	-	-	-	-	90,327,087	-	-	90,327,087	99,843	90,426,930
Loss for the year	-	-	-	-	-	-	(128,536,053)	(128,536,053)	(1,077,396)	(129,613,449)
Total recognised income and expense for the year	-	-	-	-	90,327,087	-	(128,536,053)	(38,208,966)	(977,553)	(39,186,519)
Recognitions of equity-settled share-based payments	-	-	86,253,452	-	-	-	-	86,253,452	-	86,253,452
Shares issued on exercise of part of a share option	2,500	411,500	(141,500)	-	-	-	-	272,500	-	272,500
Lapse of an option granted to minority shareholder of a subsidiary	-	-	(23,247,000)	-	-	-	23,247,000	-	-	-
Transfer from accumulated losses	-	-	-	18,719	-	-	(18,719)	-	-	-
At 30 June 2008	7,160,170	998,518,599	106,194,072	310,757	90,497,119	58,299,875	(157,469,464)	1,103,511,128	4,122,533	1,107,633,661
Exchange differences arising on translation of foreign operations recognised directly in equity	-	-	-	-	(2,599,447)	-	-	(2,599,447)	(10,816)	(2,610,263)
Loss for the year	-	-	-	-	-	-	(189,499,731)	(189,499,731)	(1,602,112)	(191,101,843)
Total recognised income and expense for the year	-	-	-	-	(2,599,447)	-	(189,499,731)	(192,099,178)	(1,612,928)	(193,712,106)
Recognitions of equity-settled share-based payments	-	-	123,090,447	-	-	-	-	123,090,447	-	123,090,447
Shares issued on exercise of part of a share option	2,500	325,000	(55,000)	-	-	-	-	272,500	-	272,500
Lapse of share options	-	-	(3,830,170)	-	-	-	3,830,170	-	-	-
Transfer to profit or loss on disposal of a subsidiary (Note 33)	-	-	-	-	53,553	-	-	53,553	(255,535)	(201,982)
At 30 June 2009	7,162,670	998,843,599	225,399,349	310,757	87,951,225	58,299,875	(343,139,025)	1,034,828,450	2,254,070	1,037,082,520

Notes:

- (a) In accordance with the statutory requirements in the PRC, subsidiaries of the Company registered in the PRC are required to transfer a certain percentage of their annual net income from retained profits to statutory reserve. The statutory reserve is not distributable.
- (b) The contributed surplus of the Group represents (1) the difference between (a) the nominal value of the share capital and the existing balances on the share premium account of a subsidiary acquired pursuant to the Group reorganisation prior to the listing of the Company's Shares; and (b) the nominal value of the Shares issued by the Company and the release and waiver of the amount owed by the then holding company of the subsidiary to the Company in exchange thereof; (2) the release and waiver of the amount owed by the Company to its former immediate holding company; and (3) transfer from share premium account.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2009

	Note	2009 HK\$	2008 HK\$
OPERATING ACTIVITIES			
Loss before taxation		(199,003,727)	(138,214,453)
Adjustments for:			
Share-based payments		123,090,447	86,253,452
Depreciation of property, plant and equipment		7,040,380	3,083,266
Amortisation of other intangible assets		39,270,108	39,840,490
Loss on disposal of property, plant and equipment		118,731	8,276
Impairment losses recognised on trade receivables		–	532,290
Net gain on disposal of a subsidiary	33	(201,982)	–
Bank interest income		(2,639,979)	(6,841,715)
Operating cash flows before movements in working capital		(32,326,022)	(15,338,394)
Decrease/(increase) in deposits and prepayments		8,562,718	(54,738,384)
Decrease in inventories		132,756	478,401
Decrease/(increase) in trade receivables		1,830,874	(10,834,353)
Decrease in amounts due from customers for contract work		1,029,126	568,748
Increase in other receivables, deposits and prepayments		(13,553,936)	(25,541,870)
Decrease in trade payables		(2,095,732)	(1,168,268)
Increase/(decrease) in other payables, accruals and deposits received		3,211,749	(697,821)
Cash used in operations		(33,208,467)	(107,271,941)
Income taxes paid		(304,103)	(1,802,358)
NET CASH USED IN OPERATING ACTIVITIES		(33,512,570)	(109,074,299)
INVESTING ACTIVITIES			
Interest received		2,639,979	6,841,715
Purchase of other intangible assets		(493,333)	(3,618,302)
Purchase of other assets		(1,613,006)	–
Purchase of property, plant and equipment		(9,517,107)	(12,657,696)
Proceeds from disposal of property, plant and equipment		1,775,389	12,072
Deposit refunded for proposed investment in an associate		–	3,089,400
Decrease in pledged bank deposits		785,965	1,132,600
NET CASH USED IN INVESTING ACTIVITIES		(6,422,113)	(5,200,211)
FINANCING ACTIVITIES			
Proceeds from issue of Shares		272,500	272,500
NET CASH GENERATED BY FINANCING ACTIVITIES		272,500	272,500
NET DECREASE IN CASH AND CASH EQUIVALENTS		(39,662,183)	(114,002,010)
CASH AND CASH EQUIVALENTS			
AT THE BEGINNING OF THE YEAR		211,656,479	313,144,927
EFFECT OF EXCHANGE RATE CHANGES		(287,581)	12,513,562
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		171,706,715	211,656,479
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances and cash		171,706,715	211,656,479

1. GENERAL

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

At 30 June 2009, the Directors regard MAXPROFIT GLOBAL INC, a private limited company incorporated in the British Virgin Islands, as the immediate and ultimate holding company of the Company.

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

The Company is an investment holding company and its principal subsidiaries are mainly engaged in provision of sports lottery management and marketing consultancy services, supply of sports lottery sales terminals (and accessories), provision of lottery advisory service, provision of enterprise solutions of digital image processing system, sales of computer software products and related maintenance services to outside customers in the PRC and Macao. Details of the principal activities of such principal subsidiaries are set out in Note 34.

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS")

In the current year, the Group has applied the following amendments and interpretations ("new HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC)-Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 14	HKAS 19-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The application of the new HKFRS had no material effect on how the results and financial position for the current or prior financial year have been prepared and presented. Accordingly, no prior year adjustment has been required.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS") (continued)

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

HKFRSs (Amendments)	Improvements to HKFRSs ¹
HKFRSs (Amendments)	Improvements to HKFRSs 2009 ²
HKAS 1 (Revised)	Presentation of Financial Statements ³
HKAS 23 (Revised)	Borrowing Costs ³
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ⁴
HKAS 32 & HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ³
HKAS 39 (Amendment)	Eligible Hedged Items ⁴
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters ⁵
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards ⁴
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate ³
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ³
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transaction ⁵
HKFRS 3 (Revised)	Business Combinations ⁴
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments ³
HKFRS 8	Operating Segments ³
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate ³
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation ⁶
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners ⁴
HK(IFRIC)-Int 18	Transfers of Assets from Customers ⁷

Notes:

- ¹ Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009
- ² Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate
- ³ Effective for annual periods beginning on or after 1 January 2009
- ⁴ Effective for annual periods beginning on or after 1 July 2009
- ⁵ Effective for annual periods beginning on or after 1 January 2010
- ⁶ Effective for annual periods beginning on or after 1 October 2008
- ⁷ Effective for transfers of assets from customers received on or after 1 July 2009

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary. The Group is in the process of assessing the impact of these new and revised standards, amendments and interpretations on its results of operations and financial position.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

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

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 in line with those used by other members of the Group.

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

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 businesses 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

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 on or after 1 January 2005

Goodwill arising on acquisition of a business 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 business at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

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

Impairment of goodwill

For the purpose 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, 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 the relevant cash-generating unit, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates

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 associates are incorporated in the consolidated financial statements using 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 associates, less any identified impairment losses. When the Group's share of loss 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 loss. An additional share of loss 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.

Any excess of 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. This goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment annually.

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, profit or loss arises is 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 lottery advisory service and enterprise solutions 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 and marketing consultancy services 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 supply of sports lottery sales terminals is recognised when the sports lottery sales terminals are supplied to the customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

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 method 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.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes 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 of their estimated residual value, using the 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Construction contracts (continued)

When a contract covers a number of items 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.

Leasing

Leases are classified as finance leases whenever the terms of the leases 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 method over the term of the relevant leases. 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 method.

Leasehold land

Interest in leasehold land is accounted for as operating lease and amortised over the lease term on a straight-line method except for those that are classified and accounted for as investment properties under the fair value model.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

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 purpose 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 rates of exchange for the year, unless exchange rates fluctuate significantly during the year, 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 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.

Retirement benefit costs

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

Taxation

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

Tax currently payable is calculated 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 at the balance sheet date.

Deferred tax recognised the 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets 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, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately and 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 method over their estimated useful lives. Alternatively, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Gain or loss arising from derecognition of an intangible asset is measured at the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the consolidated income statement when the asset is derecognised.

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 values 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 method 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 of tangible and intangible assets other than goodwill below).

Software licences

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (continued)

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 amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. 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.

Subsequent to initial recognition, internally-generated intangible asset is reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Impairment of tangible and intangible assets 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. In addition, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that they may be impaired. 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, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but 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, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of an impairment loss is treated as revaluation increase under that standard.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 values 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 values through profit or loss are recognised immediately in profit or loss.

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 and other payables 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

3. 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.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Equity settled share-based payment transactions

Share options granted to Directors, eligible employees and other eligible participants

The fair value of services received from Directors, eligible employees and other eligible participants determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line method 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 share 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.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are 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 within the next financial year.

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 calculations require the Group to estimate the future cash flows expected to arise from the cash-generating units and suitable discount rates in order to calculate the present values. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 30 June 2009, the carrying amount of goodwill is HK\$662,199,119 (2008: HK\$664,123,438). Details of the recoverable amount calculation are disclosed in Note 16.

Impairment of intangible assets acquired in business combinations

At balance sheet date, management reconsidered the recoverability of the intangible assets arising from the acquisitions of subsidiaries, in which the carrying amount at 30 June 2009 was HK\$115,532,669 (2008: HK\$155,241,532). The businesses of the related subsidiaries continue to progress in a satisfactory manner. Detailed sensitivity analysis has been carried out by management and no impairment is expected at 30 June 2009. This situation will be closely monitored. Adjustment will be made in future periods if future market activity indicates that adjustments for impairment are appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital and reserves.

The Directors review the capital structure regularly. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buybacks as well as the issue of new debt.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	Notes	2009 HK\$	2008 HK\$
Financial assets			
Loans and receivables			
Trade receivables	20	9,592,417	11,423,291
Amounts due from customers for contract work	21	1,539,009	2,568,135
Financial assets included in other receivables, deposits and prepayments	22	24,353,603	35,348,613
Pledged bank deposits	23	501,217	1,287,182
Bank balances and cash	23	171,706,715	211,656,479
		207,692,961	262,283,700
Financial liabilities			
Financial liabilities at amortised cost			
Trade payables	24	779,388	2,875,120
Financial liabilities included in other payables, accruals and deposits received	25	5,358,140	2,736,277
		6,137,528	5,611,397

6. FINANCIAL INSTRUMENTS (continued)

(b) 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 policies 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.

Market risks

Currency risk

Transactional currency exposures arise from sales or purchases by operating units in currencies other than the units' functional currency. Substantially all of the Group's sales and purchases are denominated in the functional currency of the operating units making the sales, and substantially all the costs are denominated in the units' functional currency. Accordingly, the Directors consider that the Group is not exposed to significant 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.

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.

Price risk

As the Group had no significant investments in financial instruments at fair values, the Group is not exposed to significant price risk.

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 2009 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

6. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk (continued)

At balance sheet date, the Group has certain concentrations of credit risk as 68% (2008: 68%) and 97% (2008: 92%) of the Group's trade receivables were due from the Group's largest customer and the five largest customers, respectively.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in Note 20 to the consolidated financial statements.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay and includes both interest and principal cash flows.

	On demand or within 1 year HK\$	More than 1 year but less than 5 years HK\$	Total undiscounted cash flows HK\$	Carrying amounts HK\$
At 30 June 2009				
Non-derivative financial liabilities				
Trade payables	779,388	–	779,388	779,388
Other payables, accruals and deposits received	5,358,140	–	5,358,140	5,358,140
At 30 June 2008				
Non-derivative financial liabilities				
Trade payables	2,875,120	–	2,875,120	2,875,120
Other payables, accruals and deposits received	2,736,277	–	2,736,277	2,736,277

(c) Fair value estimation

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

7. REVENUE

Revenue represents the amounts received and receivable from provision of sports lottery management and marketing consultancy services, supply of sports lottery sales terminals (and accessories), provision of lottery advisory service, provision of 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:

	2009	2008
	HK\$	HK\$
Revenue in respect of provision of management and marketing consultancy services to SLACs and authorised operators of the sports lottery, as well as supply of sports lottery sales terminals (and accessories) to the SLACs for certain municipality and provinces in the PRC	58,876,266	43,163,581
Revenue in respect of provision of lottery advisory service	112,229	–
Revenue in respect of provision of enterprise solutions of digital image processing system, sales of computer software products and related maintenance services	2,633,483	1,806,589
	61,621,978	44,970,170

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 and marketing consultancy services and supply of sports lottery sales terminals – provision of management and marketing consultancy services to SLACs and authorised operators of sports lottery, as well as supply of sports lottery sales terminals (and accessories) to the SLACs for certain municipality and provinces in the PRC (“Consultancy services”).
- Lottery information technology solutions – provision of lottery advisory service to authorised operator of lottery in the PRC (“Information technology solutions”).
- Enterprise solutions – provision of information technology management solutions which include design and installation of digital image processing system, sales of computer software products and related maintenance services (“Enterprise solutions”).

Segment information about these businesses is presented below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

8. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

For the year ended 30 June 2009

Business segments

	Information technology solutions HK\$	Consultancy services HK\$	Enterprise solutions HK\$	Consolidated HK\$
Income statement				
REVENUE	112,229	58,876,266	2,633,483	61,621,978
SEGMENT RESULT	(2,715,759)	(49,201,564)	(260,864)	(52,178,187)
Unallocated corporate income				2,639,979
Unallocated corporate expenses				(149,465,519)
Loss before taxation				(199,003,727)
Taxation				7,901,884
Loss for the year				(191,101,843)
Balance sheet				
ASSETS				
Segment assets	14,529,688	289,373,737	4,243,127	308,146,552
Goodwill	2,907,059	659,292,060	–	662,199,119
Unallocated corporate assets				103,548,930
Consolidated total assets				1,073,894,601
LIABILITIES				
Segment liabilities	160,856	4,605,044	1,797,565	6,563,465
Unallocated corporate liabilities				30,248,616
Consolidated total liabilities				36,812,081
Other information				
Additions to other intangible assets	493,333	–	–	493,333
Additions to property, plant and equipment	–	16,443,917	13,173	16,457,090
Additions to property, plant and equipment (unallocated)				86,668
Additions to other assets	–	1,613,006	–	1,613,006
Amortisation of other intangible assets	1,124,106	38,146,002	–	39,270,108
Depreciation of property, plant and equipment	951,698	5,458,973	66,613	6,477,284
Depreciation of property, plant and equipment (unallocated)				563,096

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

8. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

For the year ended 30 June 2008

Business segments

	Information technology solutions HK\$	Consultancy services HK\$	Enterprise solutions HK\$	Consolidated HK\$
Income statement				
REVENUE	–	43,163,581	1,806,589	44,970,170
SEGMENT RESULT	(5,212,755)	(28,926,511)	(1,768,470)	(35,907,736)
Unallocated corporate income				6,841,715
Unallocated corporate expenses				(109,148,432)
Loss before taxation				(138,214,453)
Taxation				8,601,004
Loss for the year				(129,613,449)
Balance sheet				
ASSETS				
Segment assets	13,579,558	290,631,393	5,630,492	309,841,443
Goodwill	2,915,507	661,207,931	–	664,123,438
Unallocated corporate assets				178,090,561
Consolidated total assets				1,152,055,442
LIABILITIES				
Segment liabilities	115,492	1,531,328	2,946,396	4,593,216
Unallocated corporate liabilities				39,828,565
Consolidated total liabilities				44,421,781
Other information				
Additions to other intangible assets	1,876,366	1,741,936	–	3,618,302
Additions to property, plant and equipment	90,246	12,391,017	–	12,481,263
Additions to property, plant and equipment (unallocated)				269,154
Amortisation of other intangible assets	1,284,762	38,555,728	–	39,840,490
Depreciation of property, plant and equipment	603,612	1,251,718	376,787	2,232,117
Depreciation of property, plant and equipment (unallocated)				851,149

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

8. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Geographical segments

The Group's operations, by the geographical location of its customers, are located primarily in the PRC and, to a much lesser extent, Macao. During the year ended 30 June 2009, the Group's Consultancy services and Information technology solutions operations were carried out in the PRC. The Group's Enterprise solutions operations were carried out in Macao and the PRC.

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

	2009	2008
	HK\$	HK\$
The PRC	61,603,381	44,598,528
Macao	18,597	371,642
	61,621,978	44,970,170

The following tables provide analyses of the additions to property, plant and equipment, other assets and other intangible assets, and the carrying amounts of segment assets, analysed by the geographical areas in which the assets are located:

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

	2009	2008
	HK\$	HK\$
The PRC	18,563,429	16,099,565
Hong Kong	86,668	269,154
	18,650,097	16,368,719

Carrying amounts of segment assets

	2009	2008
	HK\$	HK\$
The PRC	966,583,402	966,225,773
Macao	2,672,652	4,797,977
Hong Kong	1,089,617	2,941,131
	970,345,671	973,964,881

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

9. TAXATION

	2009 HK\$	2008 HK\$
Current tax		
– PRC Enterprise Income Tax	2,254,402	1,299,052
Over provision of current tax in previous year	(338,759)	(65,464)
Deferred tax (Note 26)	(9,817,527)	(9,834,592)
	(7,901,884)	(8,601,004)

No provision for Hong Kong profits tax has been made as there were no assessable profits for the years ended 30 June 2008 and 2009.

Pursuant to the relevant laws and regulations in the PRC, one of the Group's PRC subsidiaries is exempted from PRC Enterprise Income Tax either for two years or two years starting from its first profit-making year, followed by a 50% reduction for the next three years. For years ended 30 June 2008 and 2009, the other PRC subsidiaries are subject to PRC Enterprise Income Tax.

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

	2009 HK\$	2008 HK\$
Loss before taxation	(199,003,727)	(138,214,453)
Tax at domestic income tax rate (Note)	(36,919,665)	(25,161,113)
Tax effect of expenses not deductible for tax purpose	32,305,787	23,936,460
Tax effect of income not taxable for tax purpose	(1,770,113)	(1,047,492)
Utilisation of previously unrecognised tax losses	(176,278)	(1,224,416)
Tax effect of unrecognised estimated tax losses	8,814,671	4,795,613
Over provision in previous year	(338,759)	(65,464)
Reversal of temporary differences	(9,817,527)	(9,834,592)
	(7,901,884)	(8,601,004)

Note: The applicable tax rates for Macao, the PRC and Hong Kong are 12%, 25% and 16.5% (2008: 12%, 25%-33% and 16.5%) respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

10. LOSS FOR THE YEAR

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

	2009	2008
	HK\$	HK\$
Auditors' remuneration	750,000	650,000
Cost of inventories recognised as an expense	8,236	973,493
Impairment losses recognised on trade receivables (included in selling and administrative expenses)	–	532,290
Write down of inventories (included in cost of sales and services)	–	490,432
Depreciation of property, plant and equipment	7,040,380	3,083,266
Loss on disposal of property, plant and equipment	118,731	8,276
Net gain on disposal of a subsidiary (Note 33)	(201,982)	–
Operating lease rentals in respect of rented premises	4,650,351	2,783,955
Employee benefit expense, including Directors' remunerations (Note 11):		
Fees, salaries, discretionary bonuses and other benefits	30,681,156	20,194,789
Share-based payments	58,376,552	56,748,202
Social security costs	1,571,276	899,877
Retirement benefit schemes contributions	122,569	97,616
	90,751,553	77,940,484

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

11. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the Directors were as follows:

For the year ended 30 June 2009

	Fees HK\$	Salaries and other benefits HK\$	Share-based payments HK\$	Contributions to retirement benefit schemes HK\$	Total emoluments HK\$
Executive Directors:					
Mr. Sun Ho	3,600,000	450,000	–	12,000	4,062,000
Mr. Robert Geoffrey Ryan	2,093,532	225,690	9,675,917	–	11,995,139
Mr. Bai Jinmin	1,200,000	–	12,120,673	5,000	13,325,673
Mr. Liang Yu	1,218,707	29,223	8,149,284	27,193	9,424,407
Non-executive Director:					
Ms. Yang Yang	200,000	–	814,928	–	1,014,928
Independent non-executive Directors:					
Mr. Wang Ronghua	100,000	–	–	–	100,000
Mr. Hua Fengmao	100,000	–	–	–	100,000
Mr. Kwok Wing Leung Andy	100,000	–	–	–	100,000
Total emoluments	8,612,239	704,913	30,760,802	44,193	40,122,147

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

11. DIRECTORS' EMOLUMENTS (continued)

For the year ended 30 June 2008

	Fees HK\$	Salaries and other benefits HK\$	Share-based payments HK\$	Contributions to retirement benefit schemes HK\$	Total emoluments HK\$
Executive Directors:					
Mr. Sun Ho	3,600,000	300,000	–	12,000	3,912,000
Mr. Robert Geoffrey Ryan	2,093,532	91,307	8,400,738	–	10,585,577
Mr. Bai Jinmin (appointed on 19 September 2007)	940,000	–	13,114,904	–	14,054,904
Mr. Liang Yu (appointed on 23 April 2008)	227,012	–	–	–	227,012
Mr. Kot Wai Ming (resigned on 9 July 2007)	2,903	–	–	145	3,048
Non-executive Director:					
Ms. Yang Yang (appointed on 3 December 2007)	115,568	–	–	–	115,568
Independent non-executive Directors:					
Mr. Wang Ronghua	100,000	–	–	–	100,000
Mr. Hua Fengmao	100,000	–	–	–	100,000
Mr. Kwok Wing Leung Andy	100,000	–	–	–	100,000
Total emoluments	7,279,015	391,307	21,515,642	12,145	29,198,109

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

12. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, four (2008: two) were Directors whose emoluments are included in Note 11 above. The emoluments of the remaining one (2008: three) highest paid individual were as follows:

	2009 HK\$	2008 HK\$
Salaries and other benefits	349,182	1,127,328
Discretionary bonus	2,289,200	540,000
Share-based payments	5,917,919	15,104,840
	8,556,301	16,772,168

Their emoluments were within the following bands:

	2009 Number of employees	2008 Number of employees
HK\$3,500,001 to HK\$4,000,000	–	2
HK\$8,500,001 to HK\$9,000,000	1	1
	1	3

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 and diluted loss per Share is based on the loss attributable to equity holders of the Company for the year of HK\$189,499,731 (2008: HK\$128,536,053) and the weighted average number of 3,580,211,712 Shares (2008: 3,579,118,470 Shares) in issue during the year.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

14. PROPERTY, PLANT AND EQUIPMENT

	Building	Sports lottery sales terminals	Leasehold improvements	Computer equipment	Furniture, fixtures and equipment	Motor vehicles	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
COST							
At 1 July 2007	–	–	2,414,478	2,700,740	974,181	4,192,597	10,281,996
Exchange adjustments	–	–	39,900	164,666	22,699	224,260	451,525
Additions	839,962	7,573,685	1,307,901	680,293	896,231	1,452,345	12,750,417
Disposals	–	–	(416,504)	(8,314)	(139,474)	–	(564,292)
At 30 June 2008	839,962	7,573,685	3,345,775	3,537,385	1,753,637	5,869,202	22,919,646
Exchange adjustments	(2,434)	(21,945)	(3,789)	(7,335)	(2,677)	(10,991)	(49,171)
Additions	–	10,687,132	528,324	842,920	589,491	3,895,891	16,543,758
Disposals	–	–	–	(169,041)	(104,695)	(2,413,228)	(2,686,964)
At 30 June 2009	837,528	18,238,872	3,870,310	4,203,929	2,235,756	7,340,874	36,727,269
DEPRECIATION							
At 1 July 2007	–	–	1,373,034	826,663	387,667	114,475	2,701,839
Exchange adjustments	–	1,510	3,905	21,619	3,203	10,697	40,934
Provided for the year	–	291,472	1,051,127	567,598	318,989	854,080	3,083,266
Eliminated on disposals	–	–	(416,504)	(1,621)	(33,098)	–	(451,223)
At 30 June 2008	–	292,982	2,011,562	1,414,259	676,761	979,252	5,374,816
Exchange adjustments	(12)	(1,762)	(1,465)	(1,836)	(360)	(2,443)	(7,878)
Provided for the year	41,888	3,241,208	704,175	1,150,232	487,441	1,415,436	7,040,380
Eliminated on disposals	–	–	–	(49,153)	(37,780)	(705,911)	(792,844)
At 30 June 2009	41,876	3,532,428	2,714,272	2,513,502	1,126,062	1,686,334	11,614,474
CARRYING AMOUNTS							
At 30 June 2009	795,652	14,706,444	1,156,038	1,690,427	1,109,694	5,654,540	25,112,795
At 30 June 2008	839,962	7,280,703	1,334,213	2,123,126	1,076,876	4,889,950	17,544,830

14. PROPERTY, PLANT AND EQUIPMENT *(continued)*

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

Building:	5%
Sports lottery sales terminals:	20%
Leasehold improvements:	20% or over the relevant lease terms, whichever is shorter
Computer equipment:	33 $\frac{1}{3}$ % – 50%
Furniture, fixtures and equipment:	20% – 33 $\frac{1}{3}$ %
Motor vehicles:	10% – 25%

15. GOODWILL

	HK\$
<hr/>	
COST	
At 1 July 2007	600,504,274
Exchange adjustments	63,619,164
<hr/>	
At 30 June 2008	664,123,438
Exchange adjustments	(1,924,319)
<hr/>	
At 30 June 2009	662,199,119
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CARRYING AMOUNTS	
At 30 June 2009	662,199,119
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At 30 June 2008	664,123,438
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Particulars regarding impairment testing on goodwill are disclosed in Note 16.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

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 purpose of impairment testing, goodwill sets out in Note 15 has been allocated to individual cash-generating units (the "CGUs"). The carrying amounts of goodwill as at 30 June 2008 and 2009 allocated to these CGUs are as follows:

	2009	2008
	HK\$	HK\$
Information technology solutions	2,907,059	2,915,507
Consultancy services	659,292,060	661,207,931
	662,199,119	664,123,438

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

Information technology solutions

The recoverable amount of this CGU is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by management covering a 5-year period and a discount rate of 14% per annum. The key assumptions for the value in use calculation are those regarding the discount rate, growth in revenue and direct costs during the period. The management estimates discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU.

Consultancy services

The recoverable amount of this CGU is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by management covering a 5-year period and a discount rate of 14% per annum. The key assumptions for the value in use calculation are those regarding the discount rate, growth in revenue and direct costs during the period. The management estimates discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU.

During the years ended 30 June 2008 and 2009, management of the Group determined that there were no impairments of goodwill.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

17. OTHER INTANGIBLE ASSETS

	Club membership	Capitalised development costs	Software licences	Non-competition agreements	Contracted Customer	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
COST						
At 1 July 2007	–	–	11,467,290	5,091,331	172,911,658	189,470,279
Exchange adjustments	–	–	–	543,946	18,318,763	18,862,709
Additions	1,741,936	1,876,366	–	–	–	3,618,302
At 30 June 2008	1,741,936	1,876,366	11,467,290	5,635,277	191,230,421	211,951,290
Exchange adjustments	–	(5,576)	–	(16,328)	(554,096)	(576,000)
Additions	–	493,333	–	–	–	493,333
At 30 June 2009	1,741,936	2,364,123	11,467,290	5,618,949	190,676,325	211,868,623
AMORTISATION AND IMPAIRMENT						
At 1 July 2007	–	–	11,467,290	445,852	980,326	12,893,468
Exchange adjustments	–	–	–	53,891	303,607	357,498
Charge for the year	–	–	–	1,284,762	38,555,728	39,840,490
At 30 June 2008	–	–	11,467,290	1,784,505	39,839,661	53,091,456
Exchange adjustments	–	–	–	(5,487)	(126,182)	(131,669)
Charge for the year	–	–	–	1,124,106	38,146,002	39,270,108
At 30 June 2009	–	–	11,467,290	2,903,124	77,859,481	92,229,895
CARRYING AMOUNTS						
At 30 June 2009	1,741,936	2,364,123	–	2,715,825	112,816,844	119,638,728
At 30 June 2008	1,741,936	1,876,366	–	3,850,772	151,390,760	158,859,834

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

17. OTHER INTANGIBLE ASSETS (continued)

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

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

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

18. INVESTMENT IN AN ASSOCIATE

	2009 HK\$	2008 HK\$
Cost of investment in an associate (unlisted)	14,272	14,272
Impairment loss recognised	(14,272)	(14,272)
	-	-

As at 30 June 2009, the Group had an interest in the following associate:

Name of entity	Form of business structure	Place of incorporation/ operations	Proportion of nominal value of issued ordinary share capital held by the Group	Principal activities
CTM-Mega Technology Limited	Incorporated	Macao	49%	Not yet commenced business

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

19. INVENTORIES

	2009 HK\$	2008 HK\$
Networking and image processing equipment	114,958	247,714

20. TRADE RECEIVABLES

	2009 HK\$	2008 HK\$
Trade receivables	10,124,707	11,955,581
Less: Allowance for doubtful debts	(532,290)	(532,290)
	9,592,417	11,423,291

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

	2009 HK\$	2008 HK\$
0 to 30 days	6,275,630	10,899,713
31 to 60 days	908,064	495,755
61 to 90 days	786,989	27,823
91 to 120 days	901,859	–
121 to 365 days	665,924	–
Over 365 days	53,951	–
	9,592,417	11,423,291

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

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

20. TRADE RECEIVABLES (continued)

The aged analysis of trade receivables which are past due but not impaired is as follows:

	2009 HK\$	2008 HK\$
0 to 30 days	908,064	523,694
31 to 60 days	786,989	27,822
61 to 90 days	901,859	–
91 to 120 days	379,781	–
121 to 365 days	307,787	–
Over 365 days	32,307	–
	3,316,787	551,516

Movement in the allowance for doubtful debts

	2009 HK\$	2008 HK\$
Balance at beginning of the year	532,290	–
Impairment losses recognised on receivables	–	532,290
Balance at end of the year	532,290	532,290

There was no provision for impairment losses in respect of trade receivables from third party customers for the year ended 30 June 2009 (2008: HK\$532,290).

The aged analysis of impaired trade receivables is as follows:

	2009 HK\$	2008 HK\$
0 to 30 days	–	17,100
61 to 90 days	–	4,683
91 to 120 days	–	2,255
121 to 365 days	–	49,167
Over 365 days	532,290	459,085
	532,290	532,290

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For the year ended 30 June 2009

21. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

	2009	2008
	HK\$	HK\$
Contracts in progress at balance sheet date:		
Contracts costs incurred plus recognised profits less recognised losses	15,198,321	15,198,321
Less: progress billings	(13,659,312)	(12,630,186)
	1,539,009	2,568,135
Represented by:		
Due from customers included in current assets	1,539,009	2,568,135

At balance sheet date, there were no retentions held by customers for contract work. Advances received from customers for contract work amounted to HK\$50,814 at 30 June 2009 (2008: HK\$50,814).

22. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2009	2008
	HK\$	HK\$
Deposits paid to suppliers	1,332,554	12,129,285
Prepayments	57,523,488	48,585,887
Rental, utility and guarantee deposits	4,997,422	17,960,534
Other receivables	18,023,627	5,258,794
	81,877,091	83,934,500
Less: Deposits and prepayments classified as non-current assets	(46,175,666)	(54,738,384)
	35,701,425	29,196,116

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables on which there was no recent history of default.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

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 0.1%-9.3% per annum (2008: 1.1%-6% 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\$501,217 (2008: HK\$1,287,182) were pledged during the year ended 30 June 2009 to secure undrawn facilities and are therefore classified as current assets.

At balance sheet date, the bank balances and cash of approximately HK\$81,636,000 (2008: HK\$50,583,000) were denominated in RMB which is not freely convertible into other currencies.

24. TRADE PAYABLES

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

	2009 HK\$	2008 HK\$
0 to 30 days	260,421	539,839
31 to 60 days	97,087	–
61 to 90 days	105,084	–
121 to 365 days	287	291
Over 365 days	316,509	2,334,990
	779,388	2,875,120

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

25. OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

	2009 HK\$	2008 HK\$
Deposits received from customers for contracts	50,814	50,814
Accrued charges	2,304,476	1,221,219
Other payables	3,592,736	1,464,244
	5,948,026	2,736,277

Other payables are non-interest-bearing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

26. DEFERRED TAXATION

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

	Intangible assets
	HK\$
At 1 July 2007	44,030,109
Exchange adjustments	4,614,867
Credit to income statement (Note 9)	(9,834,592)
At 30 June 2008	38,810,384
Exchange adjustments	(109,691)
Credit to income statement (Note 9)	(9,817,527)
At 30 June 2009	28,883,166

At balance sheet date, the Group has estimated unused tax losses of approximately HK\$66,212,000 (2008: HK\$49,029,000) that are available for offsetting against the future taxable profits of the companies in which the losses arose. No deferred tax asset has been recognised in respect of such estimated tax losses due to unpredictability of future profit streams. Included in unrecognised estimated unused tax losses are losses of approximately HK\$11,898,000 (2008: HK\$7,964,000) that will expire within 5 years. Other estimated unused tax losses of approximately HK\$54,314,000 (2008: HK\$41,065,000) may be carried forward indefinitely.

27. SHARE CAPITAL

	Number of Shares	Amount HK\$
Authorised:		
Ordinary shares of HK\$0.002 each at 30 June 2008 and 2009	5,000,000,000	10,000,000
Issued and fully paid:		
Ordinary shares of HK\$0.002 each at 1 July 2007	3,578,835,000	7,157,670
Exercise of part of a share option (Note (a))	1,250,000	2,500
Ordinary shares of HK\$0.002 each at 30 June 2008	3,580,085,000	7,160,170
Exercise of part of a share option (Note (b))	1,250,000	2,500
Ordinary shares of HK\$0.002 each at 30 June 2009	3,581,335,000	7,162,670

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

27. SHARE CAPITAL (continued)

Notes:

- (a) During the year ended 30 June 2008, an option for 1,250,000 shares of HK\$0.002 each was exercised at the exercise price of HK\$0.218 per share, resulting in the issue of 1,250,000 shares of HK\$0.002 each.
- (b) During the year ended 30 June 2009, an option for 1,250,000 shares of HK\$0.002 each was exercised at the exercise price of HK\$0.218 per share, resulting in the issue of 1,250,000 shares of HK\$0.002 each.

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.

28. OPERATING LEASE COMMITMENTS

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

	2009 HK\$	2008 HK\$
Within one year	5,102,950	4,865,848
In the second to fifth years inclusive	4,134,337	10,096,244
	9,237,287	14,962,092

Operating lease payments represent rentals payable by the Group for certain of its office premises. Leases are negotiated for terms of one to three years and rentals are fixed over the lease periods.

29. CAPITAL COMMITMENTS

	2009 HK\$	2008 HK\$
Contracted but not provided for:		
Acquisition of equipment	–	6,578,514

30. RETIREMENT BENEFIT SCHEMES

The Group participates in employee social security plans as required by the regulations in the PRC and Macao. The Group also participates in the Mandatory Provident Fund scheme to which all qualified employees of the Group in Hong Kong are entitled. The assets of the retirement benefit 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 security schemes operated by the relevant local government authorities. The pension 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 specified rates according to the respective plans. The only obligation of the Group in respect of the retirement benefit schemes is to make the specified contributions.

31. SHARE-BASED PAYMENT TRANSACTIONS

The Share Option 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 Share Option Scheme), and will be expired 10 years commencing on the adoption of the Share Option Scheme. Under the Share Option Scheme, the Board may at its discretion grant options to eligible employees, including directors of the Company and its subsidiaries, certain consultants, suppliers or customers of the Group who, in the sole discretion of the Board, 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 issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes shall not exceed 10% of the Shares in issue at the date of approval of the Share Option Scheme, without prior approval from the Shareholders. The number of Shares in respect of which options may be granted under the Share Option Scheme to any individual in any one year is not permitted to exceed 1% of the Shares in issue at the date of approval of the Share Option Scheme, without prior approval from the 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) require 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 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 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, and the amount will not be less than the higher of (a) the closing price of Shares on the Stock Exchange on the date of grant; (b) the average closing price of the 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 on the date of grant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

31. SHARE-BASED PAYMENT TRANSACTIONS (continued)

The following table discloses details and movements of the Company's share options held by Directors, eligible employees and other eligible participants of the Group under the Share Option Scheme during the years ended 30 June 2008 and 2009:

Name	Date of grant	Exercise price per Share HK\$	Exercise period	Outstanding at 1 July 2007	Granted during the year	Exercised during the year	Forfeited during the year	Reclassified	Outstanding at 30 June 2008	Granted during the year	Exercised during the year	Forfeited during the year	Outstanding at 30 June 2009	
Directors:														
Mr. Robert Geoffrey Ryan	22 March 2007	1.40	22 March 2008 – 21 March 2009	6,687,500	-	-	-	-	6,687,500	-	-	(6,687,500)	-	
			22 March 2009 – 21 March 2010	6,687,500	-	-	-	-	6,687,500	-	-	(6,687,500)	-	
			22 March 2010 – 21 March 2011	6,687,500	-	-	-	-	6,687,500	-	-	(6,687,500)	-	
			22 March 2011 – 21 March 2012	6,687,500	-	-	-	-	6,687,500	-	-	(6,687,500)	-	
	9 October 2008	0.2198	9 October 2009 – 8 October 2010	-	-	-	-	-	-	-	3,343,750	-	-	3,343,750
			9 October 2010 – 8 October 2011	-	-	-	-	-	-	-	3,343,750	-	-	3,343,750
			9 October 2011 – 8 October 2012	-	-	-	-	-	-	-	3,343,750	-	-	3,343,750
			9 October 2012 – 8 October 2013	-	-	-	-	-	-	-	3,343,750	-	-	3,343,750
	Mr. Bai Jinmin (Note 1)	15 June 2007	1.77	15 June 2008 – 14 June 2009	-	-	-	-	6,687,500 (Note 1)	6,687,500	-	-	(6,687,500)	-
15 June 2009 – 14 June 2010				-	-	-	-	6,687,500 (Note 1)	6,687,500	-	-	(6,687,500)	-	
15 June 2010 – 14 June 2011				-	-	-	-	6,687,500 (Note 1)	6,687,500	-	-	(6,687,500)	-	
15 June 2011 – 14 June 2012				-	-	-	-	6,687,500 (Note 1)	6,687,500	-	-	(6,687,500)	-	
9 October 2008		0.2198	9 October 2009 – 8 October 2010	-	-	-	-	-	-	-	3,343,750	-	-	3,343,750
			9 October 2010 – 8 October 2011	-	-	-	-	-	-	-	3,343,750	-	-	3,343,750
			9 October 2011 – 8 October 2012	-	-	-	-	-	-	-	3,343,750	-	-	3,343,750
			9 October 2012 – 8 October 2013	-	-	-	-	-	-	-	3,343,750	-	-	3,343,750

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For the year ended 30 June 2009

31. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Name	Date of grant	Exercise price per Share HK\$	Exercise period	Outstanding at 1 July 2007	Granted during the year	Exercised during the year	Forfeited during the year	Reclassified	Outstanding at 30 June 2008	Granted during the year	Exercised during the year	Forfeited during the year	Outstanding at 30 June 2009	
Directors:														
Mr. Liang Yu	11 July 2008	0.754	11 July 2009 – 10 July 2010	-	-	-	-	-	-	6,687,500	-	(6,687,500)	-	
			11 July 2010 – 10 July 2011	-	-	-	-	-	-	6,687,500	-	(6,687,500)	-	
			11 July 2011 – 10 July 2012	-	-	-	-	-	-	6,687,500	-	(6,687,500)	-	
			11 July 2012 – 10 July 2013	-	-	-	-	-	-	6,687,500	-	(6,687,500)	-	
	9 October 2008	0.2198	9 October 2009 – 8 October 2010	-	-	-	-	-	-	-	3,343,750	-	-	3,343,750
			9 October 2010 – 8 October 2011	-	-	-	-	-	-	-	3,343,750	-	-	3,343,750
			9 October 2011 – 8 October 2012	-	-	-	-	-	-	-	3,343,750	-	-	3,343,750
			9 October 2012 – 8 October 2013	-	-	-	-	-	-	-	3,343,750	-	-	3,343,750
Ms. Yang Yang	11 July 2008	0.754	11 July 2009 – 10 July 2010	-	-	-	-	-	-	668,750	-	(668,750)	-	
			11 July 2010 – 10 July 2011	-	-	-	-	-	-	668,750	-	(668,750)	-	
			11 July 2011 – 10 July 2012	-	-	-	-	-	-	668,750	-	(668,750)	-	
			11 July 2012 – 10 July 2013	-	-	-	-	-	-	668,750	-	(668,750)	-	
	9 October 2008	0.2198	9 October 2009 – 8 October 2010	-	-	-	-	-	-	-	334,375	-	-	334,375
			9 October 2010 – 8 October 2011	-	-	-	-	-	-	-	334,375	-	-	334,375
			9 October 2011 – 8 October 2012	-	-	-	-	-	-	-	334,375	-	-	334,375
			9 October 2012 – 8 October 2013	-	-	-	-	-	-	-	334,375	-	-	334,375

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For the year ended 30 June 2009

31. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Name	Date of grant	Exercise price per Share HK\$	Exercise period	Outstanding at 1 July 2007	Granted during the year	Exercised during the year	Forfeited during the year	Reclassified	Outstanding at 30 June 2008	Granted during the year	Exercised during the year	Forfeited during the year	Outstanding at 30 June 2009
Eligible employees and other eligible participants													
	27 September 2006	0.218	27 September 2007 – 26 September 2008	1,250,000	-	(1,250,000) (Note 2)	-	-	-	-	-	-	-
			27 September 2008 – 26 September 2009	1,250,000	-	-	-	-	1,250,000	-	(1,250,000) (Note 3)	-	-
			27 September 2009 – 26 September 2010	1,250,000	-	-	-	-	1,250,000	-	-	-	1,250,000
	22 March 2007	1.40	22 March 2008 – 21 March 2009	38,118,750	-	-	(6,687,500)	-	31,431,250	-	-	(31,431,250)	-
			22 March 2009 – 21 March 2010	38,118,750	-	-	(6,687,500)	-	31,431,250	-	-	(31,431,250)	-
			22 March 2010 – 21 March 2011	38,118,750	-	-	(6,687,500)	-	31,431,250	-	-	(31,431,250)	-
			22 March 2011 – 21 March 2012	38,118,750	-	-	(6,687,500)	-	31,431,250	-	-	(31,431,250)	-
	15 June 2007	1.77	15 June 2008 – 14 June 2009	17,812,500	-	-	(1,750,000)	(6,687,500)	9,375,000	-	-	(9,375,000)	-
			15 June 2009 – 14 June 2010	17,812,500	-	-	(1,750,000)	(6,687,500)	9,375,000	-	-	(9,375,000)	-
			15 June 2010 – 14 June 2011	17,812,500	-	-	(1,750,000)	(6,687,500)	9,375,000	-	-	(9,375,000)	-
			15 June 2011 – 14 June 2012	17,812,500	-	-	(1,750,000)	(6,687,500)	9,375,000	-	-	(9,375,000)	-
	29 June 2007	1.76	29 June 2008 – 28 June 2009	10,000,000	-	-	(10,000,000)	-	-	-	-	-	-
			29 June 2009 – 28 June 2010	10,000,000	-	-	(10,000,000)	-	-	-	-	-	-
			29 June 2010 – 28 June 2011	10,000,000	-	-	(10,000,000)	-	-	-	-	-	-
			29 June 2011 – 28 June 2012	10,000,000	-	-	(10,000,000)	-	-	-	-	-	-
	10 July 2007	1.802	10 July 2008 – 9 July 2009	-	1,250,000	-	(1,250,000)	-	-	-	-	-	-
			10 July 2009 – 9 July 2010	-	1,250,000	-	(1,250,000)	-	-	-	-	-	-
			10 July 2010 – 9 July 2011	-	1,250,000	-	(1,250,000)	-	-	-	-	-	-
			10 July 2011 – 9 July 2012	-	1,250,000	-	(1,250,000)	-	-	-	-	-	-
	26 February 2008	0.908	26 February 2009 – 25 February 2010	-	20,750,000	-	-	-	20,750,000	-	-	(20,750,000)	-
			26 February 2010 – 25 February 2011	-	20,750,000	-	-	-	20,750,000	-	-	(20,750,000)	-
			26 February 2011 – 25 February 2012	-	20,750,000	-	-	-	20,750,000	-	-	(20,750,000)	-
			26 February 2012 – 25 February 2013	-	20,750,000	-	-	-	20,750,000	-	-	(20,750,000)	-

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For the year ended 30 June 2009

31. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Name	Date of grant	Exercise price per Share HK\$	Exercise period	Outstanding at 1 July 2007	Granted during the year	Exercised during the year	Forfeited during the year	Reclassified	Outstanding at 30 June 2008	Granted during the year	Exercised during the year	Forfeited during the year	Outstanding at 30 June 2009
Eligible employees and other eligible participants													
	11 July 2008	0.754	11 July 2009 – 10 July 2010	-	-	-	-	-	-	12,250,000	-	(12,250,000)	-
			11 July 2010 – 10 July 2011	-	-	-	-	-	-	12,250,000	-	(12,250,000)	-
			11 July 2011 – 10 July 2012	-	-	-	-	-	-	12,250,000	-	(12,250,000)	-
			11 July 2012 – 10 July 2013	-	-	-	-	-	-	12,250,000	-	(12,250,000)	-
	9 October 2008	0.2198	9 October 2009 – 8 October 2010	-	-	-	-	-	-	36,234,375	-	(562,500)	35,671,875
			9 October 2010 – 8 October 2011	-	-	-	-	-	-	36,234,375	-	(562,500)	35,671,875
			9 October 2011 – 8 October 2012	-	-	-	-	-	-	36,234,375	-	(562,500)	35,671,875
			9 October 2012 – 8 October 2013	-	-	-	-	-	-	36,234,375	-	(562,500)	35,671,875
Total				294,225,000	88,000,000	(1,250,000)	(78,750,000)	-	302,225,000	264,825,000	(1,250,000)	(380,400,000)	185,400,000
Exercisable at the end of the year									54,181,250				-
Weighted average exercise price				HK\$1.52	HK\$0.96	HK\$0.218	HK\$1.64		HK\$1.33	HK\$0.38	HK\$0.218	HK\$1.21	HK\$0.2198

Notes:

- (1) Mr. Bai Jinmin was appointed as a Director on 19 September 2007.
- (2) The weighted average closing price of the Shares immediately before the date on which the option was exercised was HK\$0.75. The weighted average share price on the date of exercise was HK\$0.66.
- (3) The weighted average closing price of the Shares immediately before the date on which the option was exercised was HK\$0.405. The weighted average share price on the date of exercise was HK\$0.445.
- (4) No options were expired during the years ended 30 June 2008 and 2009.

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For the year ended 30 June 2009

31. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Apart from the options granted under the Share Option 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 was exercisable from 21 March 2007 to 20 March 2008. On 21 March 2007, Ladbroke Group became a minority shareholder of a subsidiary of the Company upon the completion of the joint venture shareholder's agreement dated 19 January 2007. The option granted to Ladbroke Group was not exercised and lapsed following the expiry of the option on 21 March 2008.

At 30 June 2009, the number of Shares of which options had been granted and remained outstanding under the Share Option Scheme was 185,400,000, representing approximately 5.18% of the Shares of the Company in issue at that date.

The fair values of options granted during the year ended 30 June 2008 were calculated using the binominal model, details of which are as follows:

	Date of grant	
	10 July 2007	26 February 2008
Number of Shares to be issued upon exercise of options granted	5,000,000	83,000,000
Estimated fair values of options granted	HK\$5,310,000	HK\$42,844,000
Significant inputs into the model:		
Closing share price at date of grant	HK\$1.77	HK\$0.90
Exercise price	HK\$1.802	HK\$0.908
Expected volatility	78.17%-104.53%	94.03%-102.26%
Expected life of options	2-5 years	2-5 years
Risk-free interest rate	4.31%-4.66%	1.80%-2.56%
Dividend yield	Nil	Nil

31. SHARE-BASED PAYMENT TRANSACTIONS (continued)

The fair values of options granted during the year ended 30 June 2009 were calculated using the binominal model, details of which are as follows:

	Date of grant	
	11 July 2008	9 October 2008
Number of Shares to be issued upon exercise of options granted	78,425,000	186,400,000
Estimated fair values of options granted	HK\$32,295,000	HK\$16,487,000
Significant inputs into the model:		
Closing share price at date of grant	HK\$0.75	HK\$0.176
Exercise price	HK\$0.754	HK\$0.2198
Expected volatility	67.45%-89%	71%-89%
Expected life of options	2-5 years	2-5 years
Risk-free interest rate	2.259%-3.19%	1.175%-2.269%
Dividend yield	Nil	Nil

Expected volatility was determined by using the historical volatility of the share prices of other companies in the similar industry over the expected life of the options. No other feature of the options granted was incorporated into the measurement of fair values.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

31. SHARE-BASED PAYMENT TRANSACTIONS (continued)

On 9 October 2008, the certain options previously granted to certain Directors, eligible employees and other eligible participants were forfeited by cancellation. On the same date, the Company granted options carrying rights to subscribe a total of 186,400,000 Shares under the Share Option Scheme to Directors, eligible employees and other eligible participants, options carrying rights to subscribe 178,400,000 Shares were identified by the Company as replacement equity instruments for the cancelled equity instruments. The incremental value arising from the aforementioned cancellation and replacement was approximately HK\$10,092,000, which represented the difference between the fair value of the replacement options and the fair value of the cancelled options at the date of the replacement options were granted. The fair values of the replacement options and cancelled options were estimated using the binominal method. The following table lists the inputs to the model used:

	Number of Shares in respect of the cancelled options	Number of Shares in respect of the replacement options
Number of Shares to be issued upon exercise of options granted	178,400,000	178,400,000
Estimated fair values of options granted	HK\$6,395,000	HK\$16,487,000
Significant inputs into the model:		
Closing share price at date of the replacement options were granted	HK\$0.176	HK\$0.176
Exercise price	HK\$0.754-HK\$1.802	HK\$0.2198
Expected volatility	66.11%-110.91%	71%-89%
Expected life of options	2-5 years	2-5 years
Risk-free interest rate	0.138%-2.238%	1.175%-2.269%
Dividend yield	Nil	Nil

Expected volatility was determined by using the historical volatility of the share prices of other companies in the similar industry over the expected life of the options. No other feature of the options granted was incorporated into the measurement of fair values.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

32. RELATED PARTY TRANSACTIONS

Apart from those disclosed elsewhere in these financial statements, the Group entered into the following significant related party transactions during the year:

	2009	2008
	HK\$	HK\$
Compensation of key management personnel:		
Short-term employee benefits	9,317,152	7,670,322
Share-based payments	30,760,802	21,515,642
Post-employment benefits	44,193	12,145
	40,122,147	29,198,109

33. DISPOSAL OF A SUBSIDIARY

During the year ended 30 June 2009, the Group disposed of its entire equity interest in 湖南世紀星彩科技有限公司 upon deregistration. The net assets of 湖南世紀星彩科技有限公司 at the date of deregistration were as follows:

	HK\$
Net assets disposed of	–
Minority interests	(255,535)
	(255,535)
Release of translation reserve	53,553
Gain on disposal	201,982
Net cash inflow/(outflow) in respect of disposal of the subsidiary	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries at 30 June 2009 are set out as follows:

Name of subsidiary	Form of business structure	Place of incorporation/ registration	Principal place of operations	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company	Principal activities
Asia Gaming Technologies Limited	Incorporated	Hong Kong	PRC	1,000 ordinary shares of HK\$1 each	51% (indirect)	Sales and distribution of software games and system and provision of maintenance, after-sales, training and consultancy services for such products
亞博泰科科技(北京)有限公司 (Asia Gaming Technologies (Beijing) Company Limited*)	Wholly-foreign owned enterprise	PRC	PRC	Registered capital of HK\$5 million	51% (indirect)	Sales and distribution of software games and system and provision of maintenance, after-sales, training and consultancy services for such products
Maxprofit Management Limited	Incorporated	Hong Kong	Hong Kong	600,000 ordinary shares of HK\$1 each	100% (indirect)	Provision of management services for the Group
廣州市萬珈訊科技有限公司 (MegaInfo (Guangzhou) Technology Limited)	Wholly-foreign owned enterprise	PRC	PRC	Registered capital of HK\$1.6 million	100% (indirect)	Provision of computer software products, computer network system engineering, research and development and selling and providing related services and maintenance

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

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

Name of subsidiary	Form of business structure	Place of incorporation/ registration	Principal place of operations	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company	Principal activities
MegaInfo Limited	Incorporated	BVI	Macao	2,000 ordinary shares of US\$1 each	100% (direct)	Investment holding and provision of information technology management solutions of digital image processing
MegaInfo Software Limited	Incorporated	BVI	Macao	1,000 ordinary shares of US\$1 each	100% (indirect)	Owner of intellectual property rights
MegaInfo Solutions Holdings Limited	Incorporated	BVI	PRC	1,000 ordinary shares of US\$1 each	100% (indirect)	Owner of intellectual property rights
珠海萬佳達軟件開發有限公司 (Zhuhai MegaSoft Software Development Co., Ltd.)	Wholly-foreign owned enterprise	PRC	PRC	Registered capital of HK\$3.2 million	100% (indirect)	Provision of computer software products, computer network system engineering, research and development and selling and providing related services and maintenance
北京思德泰科技發展有限公司 (Beijing Systek Science & Technology Development Company Limited*)	Wholly-foreign owned enterprise	PRC	PRC	Registered capital of HK\$21 million	100% (indirect)	Research and development of sports lottery information technology

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

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

Name of subsidiary	Form of business structure	Place of incorporation/ registration	Principal place of operations	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company	Principal activities
世紀星彩企業管理有限公司 (China lottery Management Company Limited*)	Wholly-foreign owned enterprise	PRC	PRC	Registered capital of HK\$150 million	100% (indirect)	Provision of sports lottery management and marketing consultancy services; and supply of sports lottery sales terminals (and accessories)
湖南世紀星彩企業管理有限公司 (China Lottery Management (Hunan) Company Limited*)	Domestic enterprise	PRC	PRC	Registered capital of RMB5 million	100% (indirect)	Provision of sports lottery management and marketing consultancy services
江西世紀星彩企業管理有限公司 (China Lottery Management (Jiangxi) Company Limited*)	Domestic enterprise	PRC	PRC	Registered capital of RMB5 million	100% (indirect)	Provision of sports lottery management and marketing consultancy services
安徽世紀星彩企業管理有限公司 (China Lottery Management (Anhui) Company Limited*)	Domestic enterprise	PRC	PRC	Registered capital of RMB5 million	100% (indirect)	Provision of sports lottery management and marketing consultancy services
遼寧世紀星彩企業管理有限公司 (China Lottery Management (Liaoning) Company Limited*)	Domestic enterprise	PRC	PRC	Registered capital of RMB10 million	100% (indirect)	Provision of sports lottery management and marketing consultancy services
江蘇世紀星彩企業管理有限公司 (China Lottery Management (Jiangsu) Company Limited*)	Domestic enterprise	PRC	PRC	Registered capital of RMB5 million	100% (indirect)	Provision of sports lottery management and marketing consultancy services

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

Name of subsidiary	Form of business structure	Place of incorporation/ registration	Principal place of operations	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company	Principal activities
SYSTEK LTD	Incorporated	BVI	PRC	1 ordinary share of US\$1	100% (indirect)	Investment holding
SHINING CHINA INC	Incorporated	BVI	PRC	50,000 ordinary shares of US\$1 each	100% (indirect)	Investment holding

* English name is for identification purposes only.

The above table lists out 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.

35. DIVIDEND

The Board does not recommend the payment of a final dividend for the year (2008: Nil).

FINANCIAL SUMMARY

RESULTS

	For the year ended				
	30 June 2009 HK\$	30 June 2008 HK\$	30 June 2007 HK\$	30 June 2006 HK\$	30 June 2005 HK\$
Revenue	61,621,978	44,970,170	22,064,522	69,404,045	14,289,721
Loss for the year attributable to equity holders of the Company	(189,499,731)	(128,536,053)	(60,451,402)	(2,802,163)	(22,621,634)

ASSETS AND LIABILITIES

	As at				
	30 June 2009 HK\$	30 June 2008 HK\$	30 June 2007 HK\$	30 June 2006 HK\$	30 June 2005 HK\$
Total assets	1,073,894,601	1,152,055,442	1,112,026,006	18,708,930	32,053,675
Total liabilities	(36,812,081)	(44,421,781)	(51,731,778)	(13,709,554)	(24,302,703)
	1,037,082,520	1,107,633,661	1,060,294,228	4,999,376	7,750,972
Equity attributable to equity holders of the Company	1,034,828,450	1,103,511,128	1,055,194,142	4,999,376	7,750,972
Minority interests	2,254,070	4,122,533	5,100,086	–	–
	1,037,082,520	1,107,633,661	1,060,294,228	4,999,376	7,750,972