



AGTech Holdings Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 8279

07/08

Interim Report

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This report, for which the directors (the “Directors”) of AGTech Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (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.

HIGHLIGHTS

- Turnover for the Six-Month Period amounted to approximately HK\$23.0 million, representing an increase of approximately 75.3% over the corresponding period in 2006. Approximately 97.5% of the turnover was derived from the provision of sports lottery management consultancy services which yielded much higher margins.
- The Group recorded a profit from business operations of approximately HK\$6.2 million for the Six-Month Period (2006: loss from business operations of approximately HK\$4.7 million) after excluding the effects of the share-based payment expense and amortisation as stated below. The gross profit percentage stood at approximately 79.5%, a substantial improvement over the gross profit percentage of the corresponding period in 2006 of approximately 25.9%.
- Loss attributable to equity holders of the Company for the Six-Month Period amounted to approximately HK\$62.6 million, primarily due to (i) the share-based payment expense (totalling approximately HK\$58.3 million for the Six-Month Period) as a result of the adoption of Hong Kong Financial Reporting Standard 2 "Share-based Payment" for share options of the Company granted to Directors, employees of the Group and other eligible participants under the share option scheme of the Company and for the option granted to Ladbroke Group; and (ii) the amortisation of other intangible assets (amounting to approximately HK\$12.9 million for the Six-Month Period) which arose from the Group's acquisitions of SYSTEK LTD and SHINING CHINA INC, both being wholly-owned subsidiaries of the Company.
- The Board does not recommend the payment of an interim dividend for the Six-Month Period.

INTERIM RESULTS

The board of directors (the "Board") of AGTech Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the three months ended 31 December 2007 (the "Three-Month Period") and the six months ended 31 December 2007 (the "Six-Month Period") together with the comparative unaudited figures of the corresponding periods in 2006 as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)

For the three and six months ended 31 December 2007

	Notes	Three months ended 31 December		Six months ended 31 December	
		2007 HK\$	2006 HK\$	2007 HK\$	2006 HK\$
Turnover	2	12,842,712	7,264,697	22,979,468	13,110,905
Cost of sales and services		(2,030,381)	(5,379,299)	(4,710,075)	(9,716,525)
Gross profit		10,812,331	1,885,398	18,269,393	3,394,380
Other (cost)/income		(4,932)	104,683	(5,491)	191,829
Bank interest income	4	1,935,191	218,073	4,931,606	201,011
Selling and administrative expenses		(9,419,905)	(5,645,174)	(16,960,135)	(8,479,214)
Profit/(loss) from business operations	4	3,322,685	(3,437,020)	6,235,373	(4,691,994)
Share-based payments	4	(29,129,709)	(92,813)	(58,299,650)	(6,510,788)
Amortisation of other intangible assets	4	(6,356,482)	-	(12,856,571)	-
Loss for the period before taxation		(32,163,506)	(3,529,833)	(64,920,848)	(11,202,782)
Taxation	5	1,430,700	-	1,934,357	-
Loss for the period after taxation		(30,732,806)	(3,529,833)	(62,986,491)	(11,202,782)
Attributable to:					
Equity holders of the Company		(30,432,739)	(3,529,833)	(62,625,540)	(11,202,782)
Minority interests		(300,067)	-	(360,951)	-
		(30,732,806)	(3,529,833)	(62,986,491)	(11,202,782)
Basic loss per share	7	HK0.850 cent	HK0.121 cent	HK1.750 cents	HK0.398 cent

CONDENSED CONSOLIDATED BALANCE SHEET

At 31 December 2007

		As at 31 December 2007 (unaudited) HK\$	As at 30 June 2007 (audited) HK\$
	Notes		
Non-current assets			
Property, plant and equipment		9,931,518	7,580,157
Goodwill		597,048,040	600,504,274
Other intangible assets		168,742,570	176,576,811
Investment in an associate		12,000,000	–
Deposit paid for investment in an associate		–	3,089,400
		787,722,128	787,750,642
Current assets			
Inventories		2,322,957	726,115
Trade receivables	8	13,111,918	1,121,228
Amounts due from customers for contract work		2,568,135	3,136,883
Other receivables, deposits and prepayments		17,841,924	3,654,246
Pledged bank deposits		2,244,259	2,419,782
Bank balances and cash		282,774,493	313,217,110
		320,863,686	324,275,364
Current liabilities			
Trade payables	9	3,369,965	4,043,388
Other payables, accruals and deposits received		3,552,379	3,434,098
Tax payable		199,070	152,000
Bank overdraft		–	72,183
		7,121,414	7,701,669
Net current assets			
		313,742,272	316,573,695
		1,101,464,400	1,104,324,337
Capital and reserves			
Share capital	10	7,157,670	7,157,670
Reserves	10	1,047,013,552	1,048,036,472
Equity attributable to equity holders of the Company			
		1,054,171,222	1,055,194,142
Minority interests		4,739,135	5,100,086
Total equity			
		1,058,910,357	1,060,294,228
Non-current liabilities			
Deferred tax liabilities		42,554,043	44,030,109
		1,101,464,400	1,104,324,337

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the Six-Month Period

	Attributable to equity holders of the Company				
	Share Capital	Reserves	Accumulated losses	Minority interests	Total
Balance as at 1 July 2007	7,157,670	1,100,198,164	(52,161,692)	5,100,086	1,060,294,228
Exchange differences arising on translation of foreign operations recognised directly in equity	-	3,302,970	-	-	3,302,970
Recognition of equity-settled share-based payments	-	58,299,650	-	-	58,299,650
Loss for the period	-	-	(62,625,540)	(360,951)	(62,986,491)
Balance as at 31 December 2007	<u>7,157,670</u>	<u>1,161,800,784</u>	<u>(114,787,232)</u>	<u>4,739,135</u>	<u>1,058,910,357</u>

CONDENSED CONSOLIDATED CASHFLOW STATEMENT (UNAUDITED)

For the Six-Month Period

	Six months ended	
	31 December 2007 HK\$	2006 HK\$
Net cash used in operating activities	(15,576,660)	(7,730,919)
Net cash used in investing activities	(15,221,169)	(13,496,046)
Net cash from financing activities	-	61,906,017
Net (decrease) increase in cash and cash equivalents	(30,797,829)	40,679,052
Cash and cash equivalents at beginning of the period	313,144,927	7,037,538
Effect of foreign exchange rate changes	427,395	(47,215)
Cash and cash equivalents at end of the period	<u>282,774,493</u>	<u>47,669,375</u>
Analysis of balances of cash and cash equivalents		
Bank balances and cash	<u>282,774,493</u>	<u>47,669,375</u>

Notes:

(1) BASIS OF PREPARATION OF THE ACCOUNTS

The unaudited condensed consolidated accounts have been prepared in accordance with the requirements of the GEM Listing Rules, accounting principles generally accepted in Hong Kong which include Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The condensed consolidated accounts have not been audited by the Company’s auditors, but have been reviewed by the Company’s audit committee.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (hereinafter collectively referred to as “new HKFRSs”).

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective. The Directors anticipate that the application of these new HKFRSs will have no material impact on the financial statements of the Group.

HKAS 1(Revised)	Presentation of financial statements ¹
HKFRS 8	Operation segments ¹
HK(IFRIC) – INT 12	Service Concession arrangements ²
HK(IFRIC) – INT 13	Customer loyalty programmes ³
HK(IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interactions ²

¹ Effective for accounting periods beginning on or after 1 January 2009.

² Effective for accounting periods beginning on or after 1 January 2008.

³ Effective for accounting periods beginning on or after 1 July 2008.

(2) TURNOVER

Turnover represents the net amounts received and receivable from the provision of sports lottery management consultancy services and enterprise solutions of digital image processing system and surveillance system, as well as sales of computer software products and related maintenance services to outside customers in the People's Republic of China ("PRC") and the Macao Special Administrative Region of the PRC ("Macao") during the periods, and is analysed as follows:

	Three months ended		Six months ended	
	31 December		31 December	
	2007	2006	2007	2006
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$	HK\$	HK\$	HK\$
Turnover in respect of provision of management consultancy services to the authorised operator of the sports lottery for certain municipality and provinces in the PRC	12,494,687	–	22,397,294	–
Enterprise solutions of digital image processing system and surveillance system and sales of computer software products and related maintenance services	348,025	7,264,697	582,174	13,110,905
	<u>12,842,712</u>	<u>7,264,697</u>	<u>22,979,468</u>	<u>13,110,905</u>

(3) BUSINESS AND GEOGRAPHICAL SEGMENTS

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

- Sports lottery management consultancy services – provision of management consultancy services to the authorised operator of sports lottery for certain municipality and provinces in the PRC (“Consultancy services”).
- Enterprise solutions – provision of information technology management solutions which include design and installation of digital image processing system under construction contracts, sales of computer software products and related maintenance services (“Enterprise solutions”).

Segment information about these businesses is presented below:

Business segments

	Six months ended	
	31 December	
	2007	2006
	(unaudited)	(unaudited)
	HK\$	HK\$
Turnover		
Consultancy services	22,397,294	–
Enterprise solutions	582,174	13,110,905
	22,979,468	13,110,905
Segment results		
Consultancy services	(37,681)	–
Enterprise solutions	(486,661)	(1,324,887)
Unallocated costs	(64,396,506)	(9,877,895)
Operating loss before taxation	(64,920,848)	(11,202,782)
Taxation	1,934,357	–
Loss for the period	(62,986,491)	(11,202,782)
Segment assets		
Consultancy services	898,737,903	–
Enterprise solutions	8,223,229	26,021,140
Unallocated assets	201,624,682	48,253,108
Total assets	1,108,585,814	74,274,248
Segment liabilities		
Consultancy services	901,583	–
Enterprise solutions	4,325,289	11,853,184
Unallocated liabilities	44,448,585	1,007,577
Total liabilities	49,675,457	12,860,761

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

Segment information about these geographical locations is presented below:

Geographical segments

	Six months ended	
	31 December	
	2007	2006
	(unaudited)	(unaudited)
	HK\$	HK\$
Turnover		
PRC	22,751,938	540,721
Macao	227,530	12,570,184
	22,979,468	13,110,905
Segment results		
PRC	(168,670)	(1,123,773)
Macao	(355,672)	(201,114)
Unallocated costs	(64,396,506)	(9,877,895)
Operating loss before taxation	(64,920,848)	(11,202,782)
Taxation	1,934,357	-
Loss for the period	(62,986,491)	(11,202,782)
Segment assets		
PRC	899,455,700	10,917,329
Macao	7,505,432	15,103,811
Unallocated assets	201,624,682	48,253,108
Total assets	1,108,585,814	74,274,248
Segment liabilities		
PRC	1,162,358	606,812
Macao	4,064,514	11,246,372
Unallocated liabilities	44,448,585	1,007,577
Total liabilities	49,675,457	12,860,761

(4) LOSS FROM OPERATIONS

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

	Three months ended		Six months ended	
	31 December		31 December	
	2007	2006	2007	2006
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$	HK\$	HK\$	HK\$
Share-based payments	29,129,709	92,813	58,299,650	6,510,788
Amortisation of other intangible assets	6,356,482	-	12,856,571	-
Staff cost (including Directors' remunerations)	4,938,788	2,521,843	8,896,553	4,346,068
Operating lease rentals in respect of rented premises	217,323	323,923	417,897	329,885
Depreciation of property, plant and equipment	508,743	253,149	982,759	418,905
Cost of inventories recognised as an expense	21,615	5,379,299	151,306	9,716,525
Bank interest income	(1,935,191)	(218,073)	(4,931,606)	(201,011)

(5) TAXATION

Taxation for the Six-Month Period represents the net amount of deferred taxation credit of approximately HK\$3.2 million and PRC profits tax of approximately HK\$1.3 million.

(6) DIVIDEND

The Board does not recommend the payment of an interim dividend for the Six-Month Period (2006: Nil).

(7) LOSS PER SHARE

The calculation of basic loss per share for the Three-Month Period and the Six-Month Period is based on the unaudited net loss attributable to equity holders of the Company of HK\$30,432,739 and HK\$62,625,540 respectively (three months and six months ended 31 December 2006: net loss of HK\$3,529,833 and HK\$11,202,782 respectively), and the weighted average number of 3,578,835,000 ordinary shares in issue during the Three-Month Period and the Six-Month Period (three months and six months ended 31 December 2006: 2,909,276,467 ordinary shares and 2,818,279,810 ordinary shares in issue respectively).

(8) TRADE RECEIVABLES

At 31 December 2007, the aged analysis of the Group's trade receivables is as follows:

	31 December 2007 (unaudited) HK\$	30 June 2007 (audited) HK\$
0 to 30 days	10,747,185	87,066
31 to 60 days	69,346	34,490
61 to 90 days	266,330	16,718
91 to 120 days	895,271	14,698
121 to 365 days	951,568	841,018
Over 365 days	182,218	127,238
	13,111,918	1,121,228

(9) TRADE PAYABLES

At 31 December 2007, the aged analysis of the Group's trade payables is as follows:

	31 December 2007 (unaudited) HK\$	30 June 2007 (audited) HK\$
0 to 30 days	4,500	253,051
31 to 60 days	-	-
61 to 90 days	-	-
91 to 120 days	-	39,256
121 to 365 days	40,665	2,594,866
Over 365 days	3,324,800	1,156,215
	3,369,965	4,043,388

(10) SHARE CAPITAL AND RESERVES

	Attributable to equity holders of the Company									
	Share									
	Share capital	Share premium	options reserve	Statutory reserve	Exchange reserve	Contributed surplus	Accumulated losses	Total	Minority interests	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	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	-	-	-	-	3,302,970	-	-	3,302,970	-	3,302,970
Recognitions of equity-settled share-based payments	-	-	58,299,650	-	-	-	-	58,299,650	-	58,299,650
Loss for the period	-	-	-	-	-	-	(62,625,540)	(62,625,540)	(360,951)	(62,986,491)
At 31 December 2007	7,157,670	998,107,099	101,628,770	292,038	3,473,002	58,299,875	(114,787,232)	1,054,171,222	4,739,135	1,058,910,357
At 1 July 2006	5,350,000	20,576,560	-	292,038	(22,887)	11,108,399	(32,304,734)	4,999,376	-	4,999,376
Exchange differences arising on translation of foreign operations recognised directly in equity	-	-	-	-	(342,994)	-	-	(342,994)	-	(342,994)
Recognitions of equity-settled share-based payments	-	-	96,937	-	-	-	-	96,937	-	96,937
Issue of share capital upon exercise of share option and placing of shares	653,590	67,209,360	-	-	-	-	-	67,862,950	-	67,862,950
Loss for the period	-	-	-	-	-	-	(11,202,782)	(11,202,782)	-	(11,202,782)
At 31 December 2006	6,003,590	87,785,920	96,937	292,038	(365,881)	11,108,399	(43,507,516)	61,413,487	-	61,413,487

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

During the Three-Month Period, the Group continued to focus on its sports lottery business in the PRC and the majority of the Group's turnover was derived from its sports lottery management consultancy services provided to a principal customer which is authorised (i) to provide marketing strategy, promotional and sales management services to 體育彩票管理中心 (the sports lottery administration centres) of the municipality of Chongqing (重慶市) and the provinces of Hunan (湖南省) and Jiangxi (江西省) in the PRC; and (ii) to set up and operate sports lottery sales venues in Jiangxi and Hunan.

In December 2007, the Group successfully secured a mandate to act as the exclusive management consultant in respect of the initiative of 中華全國供銷合作總社 (All-China Federation of Supply and Marketing Cooperatives) ("ACFSMC") to launch lottery sales (including both PRC welfare and sports lotteries) through its extensive network of sales outlets nationwide in the PRC, and to supply sales terminals, related system(s) and facilities to those outlets selected by ACFSMC to launch such sales. ACFSMC currently has over 400,000 sales outlets (including chain supermarkets) nationwide in the PRC. The launch of lottery sales by ACFSMC in any of its sales venues will be subject to the prior approval of the relevant PRC government authorities including but not limited to the sports lottery administration centres and 福利彩票發行管理中心 (the welfare lottery issuance centres) of the territories in which such sales venues are located. The Group's management consultancy agreement in respect of this ACFSMC's initiative (the "ACFSMC Agreement") shall have a tenure of 10 years from the date of its execution. If no party to the ACFSMC Agreement informs the other party of its intention to terminate the agreement 6 months before the expiry date of each 10-year term of the agreement, the ACFSMC Agreement shall be automatically renewed for another 10 years.

Assuming and after the successful launch of the lottery sales business by ACFSMC, the Group will further accelerate its market penetration and extend its geographical coverage in the PRC lottery sector. It will also mark a very significant milestone for the Group, which will make its first foray into the PRC welfare lottery sector in addition to its existing PRC sports lottery focus. Under the long-term ACFSMC Agreement, the Group will be able to leverage on the vast sales network of ACFSMC across the PRC to broaden its source of income. The entering into of the ACFSMC Agreement by the Group is in line with one of its core businesses of providing sports lottery management consultancy services in the PRC.

Capital resources and liquidity

Net cash and bank balances including pledged deposits at 31 December 2007 were approximately HK\$285.0 million. The total assets of the Group as at 31 December 2007 were approximately 1,108.6 million. There was no charge on the Group's assets as at 31 December 2007.

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

Foreign exchange exposure

As at 31 December 2007, the Group held cash and bank deposits denominated in Hong Kong Dollars, Renminbi and Macao Patacas. Since all of its revenue-generating operations, monetary assets and liabilities of the Group are conducted or transacted substantially in Hong Kong Dollars and Renminbi, which is not freely convertible into foreign currencies, and Macao Patacas, which is considered as a stable currency under the control of the Government of Macao, the Group faced minimal exchange rate risk during the period.

Employees' information

As at 31 December 2007, the Group had 82 employees (31 December 2006: 51) in Hong Kong, Macao and the PRC. Total staff costs (excluding Directors' remunerations) for the Six-Month Period amounted to approximately HK\$5.6 million.

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

Business outlook

Entering into the new year, the Group had successfully secured three new management consultancy agreements in January 2008 with two new customers. One of these two new customers is authorised by the sports lottery administration centres (i) of the Anhui province (安徽省) in the PRC to set up and operate sports lottery sales venues in that province, and (ii) of the Jiangxi province to act as the exclusive sales agent for the sales of instant sports lottery tickets in that province; and the other is authorised by the 體育彩票發行中心 (sports lottery issuance centre) of the Liaoning province (遼寧省) in the PRC to operate and set up new sports lottery shops in such province. As of the date hereof, the geographical coverage of the Group's sports lottery management consultancy services in the PRC now includes the municipality of Chongqing and the provinces of Hunan, Liaoning, Jiangxi and Anhui. The population of Chongqing, Hunan, Liaoning, Jiangxi and Anhui in aggregate amounted to approximately 238.7 million for 2006, representing approximately 18.16% of the total population in the PRC (*source of information: website of CHINA POPIN (中國人口信息網)*).

In addition, the Group's first foray into the supply of sports lottery sales terminals (together with accessories) began to bring in revenue in January 2008 and such terminals (and accessories) have been supplied for use in the sports lottery sales venues in the Hunan province.

The prospects of the sports lottery sector remain promising in light of the efforts of the Chinese government to reform the present sports lottery market to counter illegal gaming and the momentum is building up as the 2008 Beijing Olympics advances. The Group will continue to explore opportunities in different PRC sports lottery arenas including, but not limited to, expanding into more provinces for its sports lottery management consultancy services, assisting its customers to open more sales venues for sports lottery, introducing new lottery games and related systems to the sports lottery sector, as well as exploring more strategic business alliances with the aim of consolidating its leadership as a fully integrated solutions provider for the sports lottery market in the PRC.

Financial performance review

For the Three-Month Period, the turnover of the Group amounted to approximately HK\$12.8 million, representing an increase of approximately 76.8% over the corresponding period in 2006. Turnover of the Group for the Six-Month Period amounted to approximately HK\$23.0 million, representing a surge of approximately 75.3% over the corresponding period in 2006. The increase in turnover of the Group during the Three-Month Period and the Six-Month Period was mainly attributable to the contributions of its new core business of the provision of sports lottery management consultancy services in the PRC, which commenced in June 2007. Indeed, approximately 97.5% of the Group's turnover for the Six-Month Period was derived from the provision of its sports lottery management consultancy services which yielded much higher margins than the enterprise solutions projects secured by the Group for the corresponding period in 2006. During the Six-Month Period, the gross profit percentage stood at approximately 79.5%, a substantial improvement over the gross profit percentage of the corresponding period in 2006 of approximately 25.9%.

The net loss of the Group attributable to equity holders of the Company for the Three-Month Period amounted to approximately HK\$30.4 million, whereas the net loss of the Group for the corresponding period during 2006 amounted to approximately HK\$3.5 million. The net loss of the Group attributable to equity holders of the Company for the Six-Month Period amounted to approximately HK\$62.6 million, whereas the net loss of the Group for the corresponding period during 2006 amounted to approximately HK\$11.2 million. The aforesaid increase in the net loss of the Group was primarily attributable to (i) the share-based payment expense (totalling approximately HK\$58.3 million for the Six-Month Period) resulting from the adoption of Hong Kong Financial Reporting Standard 2 "Share-based Payment" for share options of the Company granted to Directors, employees of the Group and other eligible participants under the share option scheme of the Company, as well as the option previously granted to Ladbroke Group as part of an agreement that led to the establishment of a joint venture company as announced by the Company on 23 January 2007; (ii) the amortisation of other intangible assets (amounting to approximately HK\$12.9 million for the Six-Month Period) which arose from the Group's acquisitions of SYSTEK LTD and SHINING CHINA INC, both being wholly-owned subsidiaries of the Company; and (iii) the increase in administrative expenses such as staff costs, leases, travelling expenses and marketing expenses as a result of the continuous expansion of the Group's business.

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

As at 31 December 2007, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange, were as follows:

a. Interests in ordinary Shares:

Name of Director	Number of Shares			Approximate percentage held
	Personal interest	Corporate interest	Total	
Mr. Sun Ho	26,750,000	2,006,250,000	2,033,000,000	56.81%
		(Note 1)		
Mr. Bai Jinmin	-	237,580,000	237,580,000	6.64%
		(Note 2)		
Ms. Yang Yang	400,000	-	400,000	0.01%
Mr. Wang Ronghua	2,675,000	-	2,675,000	0.07%
Mr. Hua Fengmao	1,355,000	-	1,355,000	0.04%
Mr. Kwok Wing Leung Andy	1,515,000	-	1,515,000	0.04%

Notes:

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

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

Name of Director	Date of grant	Exercise price per Share (HK\$)	Exercisable period	Number of underlying Shares entitled (in respect of share options of the Company)		
				Granted	Exercised	As at 31 December 2007
Mr. Robert Geoffrey Ryan	22-3-2007	1.40	22-3-2008 – 21-3-2012	26,750,000	–	26,750,000 (representing approximately 0.75% of the issued share capital of the Company)
Mr. Bai Jinmin	15-6-2007	1.77	15-6-2008 – 14-6-2012	26,750,000	–	26,750,000 (representing approximately 0.75% of the issued share capital of the Company)

Save as disclosed above, as at 31 December 2007, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares (in respect of share options of the Company which were regarded as unlisted physically settled equity derivatives) and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2007, so far as was known to the Directors or chief executive of the Company, the following persons (not being Directors or chief executives of the Company) had, or were deemed to have, interests and long positions in the Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or, were expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital and recorded in the register kept by the Company pursuant to section 336 of the SFO:

Interests in the Shares:

Name of Shareholder	Capacity	Number of Shares held	Approximate percentage of issued share capital of the Company
MAXPROFIT GLOBAL INC	Beneficial owner (Note 1)	2,006,250,000	56.06%
HB Resources Investment Limited	Interests in controlled corporation (Note 2)	237,580,000	6.64%
Legg Mason Inc	Investment manager	253,028,000	7.07%

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.
- As disclosed above, Mr. Bai Jinmin was deemed to be interested in those 237,580,000 Shares by virtue of his interest in HB Resources Investment Limited.

Save as disclosed above, as at 31 December 2007, the Directors or chief executive of the Company were not aware of any other substantial shareholder of the Company (not being a Director or chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares, underlying Shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who was expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital and recorded in the register kept by the Company pursuant to section 336 of the SFO.

INTERESTS OF OTHER PERSONS

As at 31 December 2007, apart from the interests in the Shares, underlying Shares and debentures of the Company and its associated corporations held by the Directors, chief executive and substantial shareholders of the Company stated above, there were no other persons with interests recorded in the register of the Company required to be kept under section 336 of the SFO.

MANAGEMENT SHAREHOLDERS

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

INTERESTS IN COMPETING BUSINESS

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

AUDIT COMMITTEE

The audit committee of the Company comprises three independent non-executive Directors, namely, Mr. Kwok Wing Leung Andy, Mr. Wang Ronghua and Mr. Hua Fengmao. The unaudited consolidated interim results of the Group for the Six-Month Period have been reviewed and commented on by the audit committee.

CORPORATE GOVERNANCE

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

During the period under review, the Company has adopted the code provisions and certain recommended best practices in the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules, except that:

- under the code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The roles of chairman and chief executive officer of the Company were performed by the same individual, namely, Mr. Sun Ho, during the Six-Month Period. The Company considered that the combination of the roles of chairman and chief executive officer could effectively formulate and implement the strategies of the Company. The Company considered that under the supervision of its Board and its independent non-executive Directors, a balancing mechanism existed so that the interests of shareholders were adequately and fairly represented. The Company considered that there was no imminent need to change the arrangement; and

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

REQUIRED STANDARD OF DEALINGS REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

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

SHARE OPTION SCHEME

As at 31 December 2007, there were options for 415,500,000 ordinary Shares granted by the Company pursuant to its share option scheme. During the Six-Month Period, no options were exercised and, as at 31 December 2007, options for 298,225,000 Shares remained outstanding. An option for 1,000,000 Shares was cancelled and lapsed during the Six-Month Period.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the Six-Month Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

By order of the Board
AGTech Holdings Limited
Sun Ho
Chairman

The Hong Kong Special Administrative Region of
the People’s Republic of China, 4 February 2008

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