朗力福®

Longlife Group Holdings Limited

朗 力 福 集 團 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8037

Annual Report 2010/11

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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

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

This report for which the directors (the "Directors") of Longlife Group 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 GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

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CORPORATE INFORMATION

Executive Directors
Mr. Cheung Hung *(Chairman)*
Mr. Zhang Sanlin
Mr. Chen Zhongwei
Mr. Tian Zhenyong
Mr. Wang Zhixin
Mr. Wong Chun Hung
(Appointed on 21 September 2011)

Independent Non-executive Directors
Mr. Chong Cha Hwa
Ms. Chan Wai Yan *(Resigned on 17 November 2011)*
Mr. Sham Chi Keung, William
Mr. Yeung Chi Tit *(Appointed on 17 November 2011)*

Audit Committee
Mr. Chong Cha Hwa
Ms. Chan Wai Yan *(Resigned on 17 November 2011)*
Mr. Sham Chi Keung, William
Mr. Yeung Chi Tit *(Appointed on 17 November 2011)*

Remuneration Committee
Mr. Chong Cha Hwa
Ms. Chan Wai Yan *(Resigned on 17 November 2011)*
Mr. Sham Chi Keung, William
Mr. Wang Zhixin
Mr. Yeung Chi Tit *(Appointed on 17 November 2011)*

Compliance Officer
Mr. Wang Zhixin

Chief Executive Officer ("CEO")
Mr. Yang Shunfeng

Company Secretary
Mr. Yu Yun Kong

Authorised Representatives
Mr. Cheung Hung
Mr. Yu Yun Kong

Auditor
Cheng & Cheng Limited
Certified Public Accountants

Registered Office
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Head Office and Principal Place of Business in Hong Kong
Suite 7602A, Level 76
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

Principal Bankers
The Agriculture Bank of China
China Construction Bank
China CITIC Bank
Hang Seng Bank
CITIC Bank International Limited

Principal Share Registrar and Transfer Office
Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 705
George Town
Grand Cayman
Cayman Island

Hong Kong Branch Share Registrar and Transfer Office
Union Registrars Limited
18th Floor
Fook Lee Commercial Centre
Town Place, 33 Lockhart Road
Wanchai, Hong Kong

Website
www.irasia.com/listco/hk/longlife

Stock Code
08037

CHAIRMAN'S STATEMENT

On behalf of Longlife Group Holdings Limited (the "Company") and its subsidiaries (collectively the "Group"), I would like to present the audited consolidated results of the Group for the year ended 30 September 2011 to the shareholders.

Business Review

During the period under review, the PRC's economy had experienced a complicated environment worldwide with a weak foreign demand and a decrease in exports. The government gave an impetus to the economy by substantial investments in order to maintain a stable growth of consumption. In light of high inflationary pressure, the government launched a rather tightened monetary policy. Facing the channel sinking of strong brands and low-price competition from low-end brands, the Group continued to take its initiative to streamline the domestic consumer goods business. As a result, the Group recorded a sales of approximately HK$72,148,000 for the year, representing a decrease of 14.3% as compared with the amount of HK$84,146,000 the corresponding period of last year.

The competitiveness of the Group's traditional consumer goods business continued to weaken, which was difficult to recover even after inputs of resources. Therefore, the Group continued to strengthen its business model of "asset minimization, focus on operation and full services" and implemented cost control measures by furthering the process of conversion and streamlining its inefficient networks in certain domestic markets to reduce the number of full-time and part-time employees.

Regarding the Group's business of financial assets investment, which was affected by the instable global investment environment for investment worldwide since the second quarter of 2011, the Group recorded a net loss on financial assets at FVTPL of approximately HK$27,228,000 during the year.

Future Outlook

As the competitiveness of the Group's domestic consumer goods business continue to weaken, profitability is difficult to recover and there are uncertainties in global investment environment for investment, the Group is exploring new businesses progressively and attempting to enter new business areas. Meanwhile, the Group is implementing cost control measures on its existing businesses in order to reduce loss or make turnaround, recover its profitability and enhance shareholder's value for the long run.

Cheung Hung
Chairman

Hong Kong, 16 December 2011

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

As the implementation of the business model of "asset minimization, focus on operation and full services" was in progress, so as to streamline the inefficient sales networks, the sales in the segments of the traditional consumer goods businesses decreased in the period under review. As the global investment environment has changed to be unstable since the second quarter of 2011, the performance of the Group's investments in financial assets was affected.

Turnover

Turnover of the Group for the year ended 30 September 2011 were approximately HK$45,017,000, principally representing those for the traditional consumer goods businesses of approximately HK$72,148,000 and net loss derived in the Group's investments in financial assets of approximately HK$27,228,000. For the year ended 30 September 2010, the turnover of approximately HK$84,184,000 substantially represented the sales of the traditional consumer goods of approximately HK$84,146,000.

The decrease in sales for traditional consumer goods businesses of approximately HK$11,998,000, or approximately 14.3%, was mainly due to the conversion of the Group's sales model into an agency and dealership structure, and the continuous implementation of its strategy in streamlining low efficiency sales network. Loss of investments in financial assets was due to the unsatisfactory investment environment.

Gross profit

Gross profit for the year ended 30 September 2011 was approximately HK$3,893,000, representing those for traditional consumer goods businesses of approximately HK$31,024,000 and loss of investments in financial assets of approximately HK$27,228,000 and dividend income of approximately HK$97,000.

In connection with the traditional consumer goods businesses, gross profit for the current year decreased by approximately HK$9,422,000, or approximately 23.3%, when compared with the gross profit of approximately HK$40,446,000 for the year ended 30 September 2010. Gross margin for the year ended 30 September 2011 was approximately 43.0%, a decrease of approximately 5.1 percentage points when compared with the gross margin of approximately 48.1% for the year ended 30 September 2010. The decrease in gross margin was mainly due to the price reduction in response to the fierce competition from other manufacturers.

Administrative expenses

Administrative expenses for the year ended 30 September 2011 amounted to approximately HK$23,491,000, representing a decrease of approximately HK$10,460,000, or approximately 30.8%, when compared with approximately HK$33,951,000 for the year ended 30 September 2010. The decrease in administrative expenses was mainly due to decrease in impairment loss from trade and other receivables from HK$11,039,000 in the year ended 30 September 2010 to HK$6,539,000 in the year ended 30 September 2011.

Selling and distribution expenses

Selling and distribution expenses for the year ended 30 September 2011 amounted to approximately HK$22,903,000, representing a decrease of approximately HK$4,812,000, or approximately 17.4%, when compared with approximately HK$27,715,000 for the year ended 30 September 2010. The significant decrease in selling and distribution expenses was mainly due to the conversion of the Group's sales model into an agency and dealership structure and the continuous streamlining of low efficiency sales networks of its direct sales business in certain area of the PRC, as well as the result from the effect of cost control measures.

MANAGEMENT DISCUSSION AND ANALYSIS

Loss for the year

Loss for the year ended 30 September 2011 was HK$46,040,000, representing an increase of approximately HK$27,975,000, when compared with loss of approximately HK$18,065,000 for the year ended 30 September 2010. The significant increase in loss for the year was principally due to the loss of investments in financial assets of HK$27,228,000.

Inventories

The inventories were approximately HK$46,435,000 as at 30 September 2011, an increase of approximately HK$10,343,000, or an increase of approximately 28.7%, as compared to the inventories of approximately HK$36,092,000 for the corresponding period in 2010. The increase of inventories was mainly due to the introduction of new products.

Liquidity and financial resources

The Group had cash and bank balances of approximately HK$25,065,000 and HK$88,443,000 as at 30 September 2011 and 2010 respectively. Included in prepayments and other receivables was cash held in securities accounts of HK$11,906,000 as at 30 September 2011 (2010: Nil).

The Group generally finances its operations with internally generated cash flows and banking facilities. As at 30 September 2011, the Group had bank borrowings of approximately HK$15,085,000 (2010: approximately HK$17,950,000). The Group also had unsecured other borrowings of approximately HK$7,125,000 (2010: approximately HK$174,000), which are repayable within one year. The interests of such bank and other borrowings are usually accrued at fixed rates. Details of assets pledged by the Group to secure financing facilities are set out in note 36 to the consolidated financial statements.

The gearing ratio (defined as total borrowings (including amounts due to a non-controlling shareholder and directors) to total assets) of the Group as at 30 September 2011 and 2010 were approximately 11.7% and approximately 7.9% respectively.

Currency and interest rate structure

The Group had limited exposure to foreign exchange rate and interest rate fluctuation as most of its transactions, including borrowings, were mainly conducted in RMB and the exchange rates and interest rates of RMB were relatively stable throughout 2011.

Contingent liabilities

Details of contingent liabilities are stated in note 41 to the consolidated financial statements.

Capital commitments

Details of capital commitments are stated in note 35 to the consolidated financial statements

Operating lease commitments

Details of operating lease commitments are stated in note 34 to the consolidated financial statements.

Employees' remuneration

As at 30 September 2011, the Group, directly and indirectly, had approximately 600 employees (2010: 720). Total staff costs for the year ended 30 September 2011 was approximately HK$12,572,000 (2010: approximately HK$13,922,000). The decrease of 9.7% in staff costs of the Group was mainly due to streamlining of marketing staff, management staff and manufacturing staff.

The Group remunerates its employees based on their performance, experience and the prevailing market level. Performance related bonuses are also granted on a discretionary basis. Other employee benefits include mandatory provident fund, insurance and medical coverage, training and a share option scheme.

The employees of the subsidiaries of the Company in the PRC participate in a state-managed pension scheme operated by the PRC government. The relevant subsidiaries are required to make contributions to the defined contribution pension scheme in the PRC based on a certain percentage of the monthly salaries of their current employees to fund the benefits. Pursuant to the regulations stipulated by the PRC government, the PRC subsidiaries started a defined contribution health care scheme with effect from 1 July 2002. All the employees currently under the defined contribution pension scheme are entitled to the health care scheme. Under the scheme, the PRC subsidiaries and the relevant employees have to contribute a certain percentage of the employees' salaries to the scheme respectively.

Material acquisitions and disposal of subsidiaries and affiliated companies

Except for disposal of Jiangsu Longlife Biochemistry Company Limited, the Group had no material acquisition or disposal of subsidiaries and affiliated companies during the year ended 30 September 2011.

Details of future plans for material investment or capital assets

Save as disclosed above and in this section of "Management Discussion and Analysis", the Directors do not have any future plans for material investment or capital assets.

MANAGEMENT PROFILE

Executive Directors

Mr. Cheung Hung (張鴻) ("Mr. Cheung"), aged 43, has been the chairman and an executive Director of the Company since 7 April 2010 and 19 January 2010 respectively. Mr. Cheung holds a Master of Business Administration degree of an Executive MBA Programme and Bachelor's degree in Business Administration from The Chinese University of Hong Kong. He has over 20 years of experience in securities industries.

Mr. Zhang Sanlin (張三林) ("Mr. Zhang"), aged 49, is an executive Director and vice president of the Company, and he is the uncle of the CEO Mr. Yang Shunfeng. Mr. Zhang worked in Shenzhen Wild Animals Company (深圳野生動物商行) during the period from 1984 to 1994 and was responsible for sales and marketing. During 1994 to 1996, he worked in a health food trading company. Mr. Zhang joined the Group in April 1996. He is responsible for production management of the Group. He has more than 10 years of experience in management.

Mr. Chen Zhongwei (陳中瑋) ("Mr. Chen"), aged 38, has been an executive Director since 6 July 2009. He is the vice president of the Company who is responsible for consumer business, and the general manager of 蘇州朗力福保健品有限公司上海分公司, a subsidiary of the Company. Mr. Chen graduated from Shanghai Tourism College (上海旅遊高等專科學校) in 1994 with a Diploma in Hotel Management. He is responsible for the sales development activities of the Group. Mr. Chen joined the Group in May 1999. Prior to joining the Group, Mr. Chen had worked in Shanghai Waigaoqiao Tourism Company (上海外高橋旅遊公司) and was principally responsible for tour business.

Mr. Tian Zhenyong (田真庸) ("Mr. Tian"), aged 46, has been an executive since 1 June 2010. Mr. Tian holds a Master's degree in International Finance from the postgraduate school of the head office of the People's Bank of China. Mr. Tian has served as the general manager of Shenzhen Special Economic Zone Securities Company Limited since 1992, an executive director and a vice-general president of Jun An Securities Company Limited (君安證券有限責任公司) since 1993 and he has served as the executive president and president of Baoying Fund Management Co., Ltd. and Peking University Founder Investment Company Limited (北大方正投資有限公司) respectively since 2000. He possesses extensive experience of over 17 years in securities industry and fund management.

Mr. Wang Zhixin (王志新) ("Mr. Wang"), aged 46, has been an executive Director since 1 June 2010. Mr. Wang holds a bachelor's degree in accounting and a master's degree in management from Suzhou University. He is also a member of the Chinese Institute of Certified Public Accountants. Mr. Wang has extensive experience in management of multi-national companies, which involves retail management and brand operation and so on. Mr. Wang has served as the chief financial officer of Shanghai Aige Apparel Limited (上海艾格服飾有限公司) and was responsible for financial management, procedure management and procurement control; and the financial controller of Suzhou Dawnrays Pharmaceuticals Co., Ltd. Mr. Wang had also served as the director of the financial and taxation bureau of Suzhou Industrial Park and was responsible for foreign investment management, taxation management and audit work and hence accumulated extensive in financial and taxation as well as cooperation with international governments. Mr. Wang is currently a vice president of the Company and is responsible for financial management.

Mr. Wong Chun Hung (黃振雄) ("Mr. Wong"), aged 56, has been an executive Director since 21 September 2011, Mr. Wong holds a Bachelor of Mathematics degree from the University of Waterloo, Canada. Mr. Wong has more than 15 years' experience in property investment, development and construction and project management in mainland China, which was acquired from his years developing the now completed Dong-Jun Plaza and Universal Plaza in Guangzhou, the PRC. Mr. Wong had been an executive director and the vice-chairman of Heritage International Holdings Limited (Stock Code: 412), a company listed on the Main Board of the Stock Exchange, since 27 May 2009 and 8 September 2009 respectively until 19 August 2011.

MANAGEMENT PROFILE

Independent Non-executive Directors

Mr. Chong Cha Hwa (張家華) ("Mr. Chong"), aged 45, has been an independent non-executive Director since 3 December 2007. Mr. Chong is a fellow member of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants. Mr. Chong has obtained a degree of bachelor of management with honours from the University of Science, Malaysia. Mr. Chong has more than 15 years of experience in the accounting and finance area servicing private and publicly listed companies in Hong Kong and the Southern Asia region. He was an independent non-executive director of Vital Group BioTech Holdings Limited (Stock Code: 1164) (19 October 2006 to 18 August 2011) and is an independent non-executive director of China Mining Resources Group Limited (Stock Code: 340), both of which are listed on the Main Board of the Stock Exchange.

Mr. Sham Chi Keung William (岑志強) ("Mr. Sham"), aged 53, has been an independent non-executive Director since 19 January 2010. Mr. Sham is a qualified chartered surveyor, a professional member of the Hong Kong Institute of Surveyors, and a professional member of the China Institute of Real Estate Appraiser. Mr. Sham has over 28 years' working experience in the field with extensive practices in valuation, market study, financial analysis, asset management, project management, real estate transactions and investment consulting. He held senior managerial executive positions in Swire Properties Limited (one of the largest real estate developers in Hong Kong), Colliers and First Pacific Davies before he founded B.I. Group Limited and B.I. Appraisals Limited in 2000. Mr. Sham is an executive director of B.I. Group Limited and B.I. Appraisals Limited and heads up the Asia Pacific Operation of the companies.

Mr. Yeung Chi Tit (楊子鐵) ("Mr. Yeung") aged 56, has been an independent non-executive Director since 17 November 2011. Mr. Yeung holds a Master of Business Administration degree from the Hong Kong Polytechnic University and is currently a student of a Doctor of Business Administration degree of the Hong Kong Baptist University. Mr. Yeung is the founder and a director of Reptron Components Limited, a business & I.T. enabling consultancy company. He has been actively working with the electronic and I.T. industry since 1979 covering business segments ranging from retailing, wholesaling, and distributing electronic or computer-related hardware and software. Outsourcing industries via development and deployment of I.T. enabling solutions for the betterment and efficacy of business processing. Mr. Yeung was the past chairman and is currently a director of the Hong Kong Chamber of Computer Industry, which is the operator of the Hong Kong Computer & Communication Festival. He is also the president of Sino Hong Kong Information Technology Development Centre and the secretary of the Hong Kong Economic Trade Association.

Senior Management

Mr. Yang Shunfeng (楊順鋒) ("Mr. Yang"), aged 37, has been the CEO since 1 October 2009. He is also an executive director and general manager of Suzhou Longlifu Health Co., Ltd., one of the subsidiaries of the Company. Mr. Yang had been an executive Director of the Company from 26 May 2004 to 18 February 2009. He graduated from the University of Shanghai in 1997 in secretarial and administration studies. Mr. Yang is a nephew of Mr. Zhang Sanlin, an executive Director.

CORPORATE GOVERNANCE REPORT

Corporate Governance Practices

The Group recognises the importance of achieving and monitoring the high standard of corporate governance consistent with the need and requirements of its business and the best interest of all of its shareholders. The Group is fully committed to doing so. It is with the objectives in mind that the Group has applied such principles and will comply with the individual code provisions. Throughout the year ended 30 September 2011, the Company has adopted and complied with the code provisions as set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 15 to the GEM Listing Rules, except for the deviations from code provision A.4.1 as explained below. The Board will continue to review regularly and take appropriate actions to comply with the Code.

Non-executive Directors

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The independent non-executive Directors are not appointed for specific terms. However, they are subject to retirement by rotation in accordance with the Company's articles of association.

Code of Conduct Regarding Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by the directors 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 throughout the year ended 30 September 2011. Having made specific enquiry with all Directors, the Company confirmed that all Directors have complied with the code of conduct and the required standard of dealings concerning securities transactions by the Directors throughout the year ended 30 September 2011.

Board of Directors

As at the date of this report, the Board comprises six executive Directors and three independent non-executive Directors as follows:

Executive Directors

Mr. Cheung Hung *(Chairman)*
Mr. Zhang Sanlin
Mr. Chen Zhongwei
Mr. Tian Zhenyong
Mr. Wang Zhixin
Mr. Wong Chun Hung *(Appointed on 21 September 2011)*

Independent Non-executive Directors

Mr. Chong Cha Hwa
Mr. Sham Chi Keung, William
Mr. Yeung Chi Tit *(Appointed on 17 November 2011)*

The Board's primary responsibilities are to formulate the Company's long-term corporate strategy, oversee the management of the Group, evaluate the performance of the Group and enhance long-term shareholder value.

The biographical details of the Directors and the relationship among the members of the Board are set out in the "Management Profile" on pages 7 to 8 of this report.

The composition of the Board is well balanced with each Director having sound industry knowledge, extensive corporate and strategic planning experience and/or expertise relevant to the business of the Group. All executive Directors and independent non-executive Directors bring a variety of experience and expertise to the Company.

During the year, the Board complied at all times with the requirement of the GEM Listing Rules relating to the appointment of at least 3 independent non-executive directors and at least one of them has appropriate professional qualifications or accounting or related financial management expertise. The Company has received from each independent non-executive Director an annual confirmation of his/her independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers all the independent non-executive Directors to be independent.

The Directors can attend meetings in persons or through other means of electronic communication in accordance with the Company's articles of association. The following table shows the attendance of individual Directors at the meetings of the Board and other Board committees held during the year:

		Meetings Attended/(Held)					
	Note	Board	Audit Committee	Remuneration Committee	Internal Control Committee	Compliance Committee	Investment Committee
Executive Directors							
Mr. Zhang Sanlin		2/(7)	n.a.	n.a.	n.a.	n.a.	n.a.
Mr. Chen Zhongwei		3/(7)	n.a.	n.a.	n.a.	n.a.	n.a.
Mr. Cheung Hung		7/(7)	n.a.	n.a.	1/(1)	n.a.	2/(2)
Mr. Tian Zhenyong		5/(7)	n.a.	n.a.	n.a.	n.a.	2/(2)
Mr. Wang Zhixin		7/(7)	n.a.	2/(2)	1/(1)	0/(0)	2/(2)
Mr. Wong Chun Hung	*1*	0/(0)	n.a.	n.a.	n.a.	n.a.	n.a.
Independent Non-executive Directors							
Mr. Chong Cha Hwa		6/(7)	4/(4)	1/(2)	1/(1)	0/(0)	n.a.
Ms. Chan Wai Yan	*2*	6/(7)	3/(4)	2/(2)	n.a.	n.a.	n.a.
Mr. Sham Chi Keung, William		6/(7)	3/(4)	1/(2)	0/(1)	0/(0)	n.a.

Note 1: Appointed as executive Director on 21 September 2011.

Note 2: Resigned as independent non-executive Director on 17 November 2011.

In addition, the Company has maintained a procedure for the Directors to seek independent professional advice, in appropriate circumstances, at the Company's expense in discharging their duties to the Company. Moreover, the Company Secretary prepares minutes and keeps records of matters discussed and decisions resolved at all Board meetings. The Company Secretary also keeps the minutes, which are open for inspection at any reasonable time on reasonable notice by any Director.

Chairman and CEO

Pursuant to the code provision A.2.1, the roles of chairman and CEO should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. To ensure a balance of power and authority, the Company fully supports the division of responsibilities between the Chairman and the CEO. The roles of the Chairman and the CEO are segregated and performed by Mr. Cheung Hung and Mr. Yang Shunfeng respectively.

Appointment, Re-election and Removal

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The independent non-executive Directors are not appointed for specific term. However, they are subject to retirement by rotation in accordance with the Company's articles of association. According to the Company's articles of association, one-third of the Directors are required to retire from office at each annual general meeting, provided that every Director shall be subject to retirement by rotation at least once in every three years. The Directors to retire every year shall be those appointed by the Board during the year and those who have been longest in office since their last re-election.

Board Committees

To maintain a high level of corporate governance standard, the Board has set up some committees as follows:

- **Audit Committee**

  The Company established an audit committee (the "Audit Committee") with written terms of reference in compliance with the requirements as set out in the GEM Listing Rules. The Audit Committee is currently composed of three independent non-executive Directors, Mr. Chong Cha Hwa, Mr. Sham Chi Keung, William and Mr. Yeung Chi Tit (in place of Ms. Chan Wai Yan following her resignation on 17 November 2011).

  The primary duties of the Audit Committee are to review the Company's annual report, consolidated financial statements and audited annual results, half-yearly report and quarterly reports and to advise and comment thereon to the Board. The Audit Committee is also responsible for reviewing and supervising the financial reporting process and internal control of the Group. In the course of doing so, the Audit Committee has met the Company's management several times and the external auditor once during the year ended 30 September 2011. The Audit Committee has reviewed the audited financial results of the Group for the year ended 30 September 2011.

- **Remuneration Committee**

  The Company established a remuneration committee (the "Remuneration Committee") on 20 December 2005 and adopted the terms of reference in alignment with the provisions as set out in the Code. During the year, the Remuneration Committee comprises three independent non-executive Directors, namely, Mr. Chong Cha Hwa, Mr. Sham Chi Keung, William and Mr. Yeung Chi Tit (in the stead of Ms. Chan Wai Yan following her resignation on 17 November 2011) and one executive Director, Mr. Wang Zhixin.

  The main responsibilities of the Remuneration Committee are to review and endorse the remuneration policies of the Directors and senior management and to make recommendations to the Board for the remuneration of the Directors. The Remuneration Committee ensures that no Director is involved in deciding his own remuneration.

  The Remuneration Committee held 2 meetings during the year ended 30 September 2011, in which the remuneration level of Directors and senior management are reviewed and discussed, and the adjustment of remuneration of Directors were recommended to the Board. The attendance of the members of the Remuneration Committee is shown in page 10 above.

- **Internal Control Committee**

  The Company established an internal control committee (the "Internal Control Committee") on 20 December 2005. During the year ended 30 September 2011 and as at the date of this report, the Internal Control Committee comprises Mr. Cheung Hung, Mr. Wang Zhixin, Mr. Chong Cha Hwa and Mr. Sham Chi Keung, William.

The main responsibilities of the Internal Control Committee are to set up and review the Company's internal control procedures and ensure proper and appropriate control in respect of finance, operations and human resources is in place. During the year, 1 meeting had been held to oversee certain area of weakness of operation of the Group and identify the control of inventory and accounts receivable of the Group. The attendance of the members of the Internal Control Committee is shown in page 10 above.

- **Compliance Committee**
  The Company established a compliance committee (the "Compliance Committee") on 16 November 2006. During the year ended 30 September 2011 and as at the date of this report, the Compliance Committee comprises Mr. Wang Zhixin, Mr. Chong Cha Hwa and Mr. Sham Chi Keung, William. The main responsibilities of the Compliance Committee are to ensure compliance of rules and regulations, particularly the GEM Listing Rules and regulations applicable to the Company. The attendance of the members of the Compliance Committee is shown in page 10 above.

- **Investment Committee**
  The Company established an investment committee (the "Investment Committee") on 12 August 2011. During the year ended 30 September 2011 and as at the date of this report, the Investment Committee comprises Mr. Cheung Hung, Mr. Tian Zhenyong and Mr. Wang Zhixin. The main responsibilities of the Investment Committee are formulating investment policies and reviewing and determining the investment portfolio of the Group. During the year, 2 meetings had been held. The attendance of the members of the Investment Committee is shown in page 10 above.

Auditor's Remuneration

The remuneration in respect of the services provided by the Company's auditor is analysed as follows:

	2011	2010
	HK$'000	HK$'000
Services rendered:		
Audit services	**420**	420

Financial Reporting

The Directors acknowledged their responsibility for the preparation of consolidated financial statements which give a true and fair view. In preparing consolidated financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently. It is the independent auditor's responsibility to form an independent opinion, based on their audit, on those consolidated financial statements and to report their opinion to the Company's shareholders. The responsibilities of the independent auditor are set out in the independent auditor's report on pages 19 to 20 of this report.

Investor Relations and Communication with Shareholders

The Company has established a range of communication channels between itself, its shareholders and investors. These include answering questions through the annual general meeting, the publication of annual, interim and quarterly reports, notices, announcements and circulars, the Company's website at www.irasia.com/listco/hk/longlife and meetings with investors and analysts.

DIRECTORS' REPORT

The Directors present the annual report and audited consolidated financial statements for the year ended 30 September 2011.

Principal Activities

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 39 to the consolidated financial statements.

Results and Appropriations

The results of the Group for the year ended 30 September 2011 are set out in the consolidated statement of comprehensive income on page 21. The Directors did not recommend the payment of a final dividend for the year ended 30 September 2011 (2010: Nil).

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group are set out in note 19 to the consolidated financial statements.

Directors

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

Executive Directors

Mr. Cheung Hung *(Chairman)*	
Mr. Zhang Sanlin	
Mr. Chen Zhongwei	
Mr. Tian Zhenyong	
Mr. Wang Zhixin	
Mr. Wong Chun Hung	*(Appointed on 21 September 2011)*

Independent Non-executive Directors

Mr. Chong Cha Hwa	
Ms. Chan Wai Yan	*(Resigned on 17 November 2011)*
Mr. Sham Chi Keung, William	
Mr. Yeung Chi Tit	*(Appointed on 17 November 2011)*

In accordance with article 108 of the articles of association of the Company, Mr. Cheung Hung and Mr. Zhang Sanlin shall retire from office as director by rotation at the conclusion of the forthcoming annual general meeting ("AGM"). In accordance with article 112 of the Company's articles of association, Mr. Wong Chun Hung and Mr. Yeung Chi Tit shall hold office until the conclusion of the AGM. All the retiring Directors being eligible, offer themselves for re-election at the AGM.

Directors' Service Agreements

Each executive Director has entered into a service agreement with the Company. Nevertheless, all of them are subject to retirement by rotation in accordance with the Company's articles of association. None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service agreement with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures

As at 30 September 2011, the interests or 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 meanings of Part XV of the Securities and Futures Ordinance (the "SFO")) which require notification to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or chief executive is taken or deemed to have under such provision of the SFO) or which are required pursuant to section 352 of the SFO or which are required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions in the ordinary shares of the Company

Name	Capacity	Number of ordinary shares	% to total issued share capital of the Company
Directors			
Cheung Hung	Beneficial owner and family interest	8,500,000	0.89%
Zhang Sanlin	Beneficial owner	9,850,000	1.03%
Wong Chun Hung	Beneficial owner	85,000,000	8.85%
CEO			
Yang Shunfeng	Beneficial owner	250,000	0.03%

Long positions in underlying shares of the Company

Share options granted

Name of director	Date of grant	Exercisable period	Subscription price per share	Aggregate long positions in underlying shares of the Company	Approximate percentage interest in the Company's issued share capital
Cheung Hung	9 April 2010	9 April 2010 to 8 April 2020	HK$0.355	5,000,000	0.65%
Wang Zhixin	9 April 2010	9 April 2010 to 8 April 2020	HK$0.355	5,000,000	0.65%

Save as disclosed above, none of the Directors nor the chief executives of the Company had, as at 30 September 2011, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the SFO) which require notification to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such director is taken or deemed to have under such provision of the SFO) or which are required pursuant to Section 352 of the SFO, or which are required pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

Interests and Short Positions of Substantial Shareholders in the Shares, Underlying Shares and Debentures

As at 30 September 2011, according to the register kept by the Company pursuant to section 336 of SFO and so far as is known to, or can be ascertained after reasonable enquiry by the Directors, save as disclosed in the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures" in this report, the following persons had an interest 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, was directly or indirectly interested in 5% or more of the voting power at general meetings of the Company:

Long positions in shares and underlying shares of the Company

Name of shareholder	Capacity	Number of ordinary shares	Number of underlying shares held under equity derivatives	Total	% of shares in issue
Capital VC Limited *(Note)*	Beneficial owner/ through controlled corporation	88,910,000	500,000	89,410,000	9.31%

Note: 68,520,000 of these shares were held by CNI Capital Limited, a company wholly-owned by Capital VC Limited.

Share Option Scheme

The details of the share option scheme of the Company are set out in note 33 to the consolidated financial statements.

Directors' Interests in Contracts

Save as those set out in note 40 to the consolidated financial statements, none of the Directors had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

Major Customers and Suppliers

During the year, the Group's largest customer and five largest customers accounted for 19% and 45% respectively, of the Group's total sales; and the Group's five largest suppliers accounted for less than 23% of the Group's total purchases.

None of the Directors or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers.

Emoluments of Directors and Five Highest Paid Individuals

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in note 17 to the consolidated financial statements.

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 68 of this annual report.

Share Capital

Details of the Company's share capital during the year are set out in note 31 to the consolidated financial statements.

Reserves

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 23.

Distributable Reserves

Details of the Company's distributable reserves as at 30 September 2011 are set out in note 38 to the consolidated financial statements.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Company's articles of association or the laws of Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Sufficiency of Public Float

Based on the information publicity available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the GEM Listing Rules, throughout the year ended 30 September 2011.

Purchase, Sale or Redemption of Listed Securities of the Company

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

Rights to acquire Company's Securities

Other than as disclosed under the sections "Share Option Scheme" and "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures" above, at no time during the year was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates (as defined in the GEM Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

Competing Interests

None of the Directors or the management shareholders of the Company and their respective associates (as defined under the GEM Listing Rules) had any interest in a business which competes or may compete with the business of the Group or has any other conflict of interest with the Group.

Audit Committee

The Company established an Audit Committee with written terms of reference in compliance with the requirements as set out in the GEM Listing Rules for the purposes of reviewing and supervising the financial reporting process and internal controls of the Group. The Audit Committee is currently composed of three independent non-executive Directors, namely, Mr. Chong Cha Hwa, Mr. Sham Chi Keung, William and Mr. Yeung Chi Tit (in the place of Ms. Chan Wai Yan following her resignation on 17 November 2011).

The primary duties of the Audit Committee are to review the Company's annual report, consolidated financial statements and audited annual results, half-yearly report and quarterly reports and to advise and comment thereon to the Board. The Audit Committee is also responsible for reviewing and supervising the financial reporting process and internal control of the Group. In the course of doing so, the Audit Committee has met the Company's management several times and the external auditor once during the year ended 30 September 2011. The Audit Committee has reviewed the audited financial results of the Group for the year ended 30 September 2011.

Material Contracts

The following contracts (not being contracts in the ordinary course of business) were entered into by the Company during the year, which are or may be material:

On 3 March 2011, Wallfaith Company Limited (沃飛斯國際商業公司), a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of the Company (as vendor) entered into an agreement with Peng Rui Group Holdings Co., Limited (鵬瑞集團控股有限公司), a company incorporated in the BVI with limited liability and a third party independent of and not connected with the Company and its connected persons (as purchaser) in relation to the disposal of the entire equity interest in Jiangsu Longlife Biochemistry Company Limited (江蘇朗力福生化有限公司), a wholly owned subsidiary of the Company to the purchaser, for a consideration of RMB7,200,000 (approximately HK$8,830,000). An announcement was made on 4 March 2011. The disposal was completed on 30 August 2011.

DIRECTORS' REPORT

Litigation

As at 30 September 2011, none of the members of the Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors or the Company to be pending or threatened by or against any member of the Group.

Related Party and Connected Transactions

Details of related party and connected transactions of the Group during the year are set out in note 40 to the consolidated financial statements.

Emolument Policy

The emolument policy of the employees and senior management of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the Directors are decided by the Remuneration Committee, having regard to market competitiveness, individual performance and achievement. The Company has adopted a share option scheme as an incentive to Directors and eligible participants, details of the scheme is set out in note 33 to the consolidated financial statements.

Auditor

The consolidated financial statements of the Group for the year ended 30 September 2011 have been audited by Cheng & Cheng Limited. Cheng & Cheng Limited was appointed on 3 September 2010 as the auditor of the Company to fill the casual vacancy following the resignation of SHINEWING (HK) CPA Limited and will hold office until the conclusion of the forthcoming annual general meeting ("AGM"). Cheng & Cheng Limited will retire and, being eligible, offer itself for reappointment at the AGM. A resolution for reappointment of Cheng & Cheng Limited as auditor of the Company is to be proposed at the AGM.

On behalf of the Board

Cheung Hung
Chairman

Hong Kong, 16 December 2011

INDEPENDENT AUDITOR'S REPORT

CHENG & CHENG LIMITED
CERTIFIED PUBLIC ACCOUNTANTS
鄭鄭會計師事務所有限公司
10/F, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong

To the shareholders of Longlife Group Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Longlife Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 21 to 67, which comprise the consolidated statement of financial position as at 30 September 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Pubic Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

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

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

INDEPENDENT AUDITOR'S REPORT

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 30 September 2011 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.

Cheng & Cheng Limited
Certified Public Accountants
Li Wing Sum Steven
Practising Certificate Number : P03747

Hong Kong
16 December 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2011

	Notes	2011 HK$'000	2010 HK$'000
Turnover	9	**45,017**	84,184
Cost of sales		**(41,124)**	(43,700)
Gross profit		**3,893**	40,484
Other income	10	**3,233**	9,968
Restructuring and redundancy costs	11	**–**	(2,107)
Administrative expenses		**(23,491)**	(33,951)
Selling and distribution expenses		**(22,903)**	(27,715)
Other expenses		**(3,074)**	(2,967)
Finance costs	12	**(3,253)**	(1,730)
Loss before tax	13	**(45,595)**	(18,018)
Income tax expense	14	**(445)**	(47)
Loss for the year		**(46,040)**	(18,065)
Other comprehensive income:			
Exchange differences on translation of foreign operations		**1,097**	673
Total comprehensive loss for the year		**(44,943)**	(17,392)
Loss attributable to:			
Equity holders of the Company		**(43,555)**	(16,465)
Non-controlling interests		**(2,485)**	(1,600)
		(46,040)	(18,065)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(42,624)**	(15,902)
Non-controlling interests		**(2,319)**	(1,490)
		(44,943)	(17,392)
Dividends	15	**–**	–
Loss per share (HK cents)	16		
– basic		**(4.54)**	(2.42)
– diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2011

	Notes	**2011** **HK$'000**	2010 HK$'000
NON-CURRENT ASSETS			
Goodwill	18	**–**	–
Property, plant and equipment	19	**28,986**	44,966
Prepaid lease payments	20	**7,014**	11,514
		36,000	56,480
CURRENT ASSETS			
Prepaid lease payments	20	**178**	425
Financial assets	21	**38,798**	19,485
Inventories	22	**46,435**	36,092
Trade and bills receivables	23	**19,199**	28,282
Prepayments and other receivables	24	**30,154**	18,267
Tax recoverable		**–**	44
Bank balances and cash	25	**25,065**	88,443
		159,829	191,038
CURRENT LIABILITIES			
Trade and bills payables	26	**22,699**	19,527
Other payables and accruals	27	**52,358**	61,711
Bank and other borrowings	28	**22,210**	18,124
Tax payable		**59**	–
Amounts due to a non-controlling shareholder	29	**774**	971
Amounts due to directors	29	**–**	468
		98,100	100,801
NET CURRENT ASSETS		**61,729**	90,237
NET ASSETS		**97,729**	146,717
CAPITAL AND RESERVES			
Share capital	31	**96,008**	96,008
Reserves		**(684)**	45,985
Equity attributable to equity holders of the Company		**95,324**	141,993
Non-controlling interests		**2,405**	4,724
TOTAL EQUITY		**97,729**	146,717

The consolidated financial statements on pages 21 to 67 were approved and authorised for issue by the Board of Directors on 16 December 2011 and are signed on its behalf by:

Cheung Hung	**Tian Zhenyong**
DIRECTOR	*DIRECTOR*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2011

	Attributable to equity holders of the Company										
	Share capital HK$'000	Share premium HK$'000	Share options reserve HK$'000	Special reserve HK$'000 (Note 1)	Statutory surplus reserve fund HK$'000 (Note 2)	Statutory enterprise expansion fund HK$'000 (Note 3)	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total Equity HK$'000
At 1 October 2009	53,340	15,479	–	22,443	15,479	3,098	27,813	(94,688)	42,964	6,214	49,178
Total comprehensive loss for the year	–	–	–	–	–	–	563	(16,465)	(15,902)	(1,490)	(17,392)
Share-based compensation	–	–	8,574	–	–	–	–	–	8,574	–	8,574
Issue of ordinary shares by placing (note 31)	42,668	66,668	–	–	–	–	–	–	109,336	–	109,336
Less: Shares issue expenses on placing	–	(2,979)	–	–	–	–	–	–	(2,979)	–	(2,979)
At 30 September 2010 and 1 October 2010	96,008	79,168	8,574	22,443	15,479	3,098	28,376	(111,153)	141,993	4,724	146,717
Total comprehensive loss for the year	–	–	–	–	–	–	931	(43,555)	(42,624)	(2,319)	(44,943)
Disposal of a subsidiary (note 32)	–	–	–	–	–	–	(4,045)	–	(4,045)	–	(4,045)
At 30 September 2011	96,008	79,168	8,574	22,443	15,479	3,098	25,262	(154,708)	95,324	2,405	97,729

Notes:

1. Special reserve represents the difference between the paid-up capital and share premium of the subsidiary acquired and the nominal value of the Company's shares issued for the acquisition at the time of the group reorganisation.

2. Pursuant to the Articles of Association of certain subsidiaries of the Company in the People's Republic of China (the "PRC"), those subsidiaries should transfer not less than 10% of net profit to the statutory surplus reserve fund, while the rest of the subsidiaries of the Company in the PRC can make appropriation of net profit to the statutory surplus reserve fund on a discretionary basis.

   The statutory surplus reserve fund can be used to make up for previous year's losses, expand the existing operations or convert into additional capital of those PRC subsidiaries.

3. Pursuant to the Articles of Association of certain subsidiaries of the Company in the PRC, those subsidiaries can make appropriation of net profit to the statutory enterprise expansion fund on a discretionary basis.

   The statutory enterprise expansion fund can be used to expand the capital of those subsidiaries by means of capitalisation.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2011

	Note	2011 HK$'000	2010 HK$'000
OPERATING ACTIVITIES			
Loss before tax		**(45,595)**	(18,018)
Adjustments for:			
Impairment loss of obsolete stocks		**2,971**	13,404
Depreciation of property, plant and equipment		**3,427**	3,698
Finance costs		**3,253**	1,730
Amortisation of prepaid lease payments		**387**	495
Property, plant and equipment written off		**–**	106
Impairment loss recognised in respect of property, plant and equipment		**–**	2,520
Share-based compensation		**–**	8,574
Allowance for bad and doubtful debts		**6,539**	11,039
Interest income		**(199)**	(108)
Dividend income		**(97)**	(38)
Loss on disposal of a subsidiary		**113**	–
Gain on disposal of prepaid lease payments		**–**	(9,201)
Loss on disposal of property, plant and equipment		**2,516**	65
Loss on investment in financial assets		**27,228**	387
Operating cash flows before movements in working capital		**543**	14,653
Increase in inventories		**(13,269)**	(13,928)
Decrease in trade and bills receivables		**4,138**	1,543
Increase in prepayments and other receivables		**(11,919)**	(10,502)
Decrease in amount due from a director		**–**	56
Increase/(decrease) in trade and bills payables		**3,172**	(17,358)
(Decrease)/increase in other payables and accruals		**(8,875)**	24,013
Decrease in amount due to directors		**(468)**	(32)
Cash used in operations		**(26,678)**	(1,555)
Income taxes (paid)/refunded		**(342)**	47
NET CASH USED IN OPERATING ACTIVITIES		**(27,020)**	(1,508)
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(2,626)**	(5,902)
Decrease in pledged bank deposits		**–**	5,675
Proceeds from disposal of prepaid lease payments		**1,206**	13,757
Proceeds from disposal of property, plant and equipment		**5,444**	1,655
Net fund used in trading of financial assets		**(46,541)**	(19,872)
Net cash inflow on disposal of a subsidiary	32	**7,236**	–
Interest received		**199**	108
Dividend income		**97**	38
NET CASH USED IN INVESTING ACTIVITIES		**(34,985)**	(4,541)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2011

	Note	2011 HK$'000	2010 HK$'000
FINANCING ACTIVITIES			
Repayment of bank and other borrowings		**(18,124)**	(5,317)
Interest paid		**(3,253)**	(1,730)
Repayment to a non-controlling shareholder		**(197)**	(1,880)
Repayment to a shareholder		**–**	(4,581)
New bank and other borrowings raised		**22,210**	64
Net proceeds from issue of shares		**–**	106,357
NET CASH FROM FINANCING ACTIVITIES		**636**	92,913
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(61,369)**	86,864
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**88,443**	2,128
Effect of foreign exchange rate changes		**(2,009)**	(549)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	25	**25,065**	88,443

1. General Information

Longlife Group Holdings Limited (the "Company") was incorporated and registered as an exempted company in the Cayman Islands under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 5 June 2003. The shares of the Company are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 17 June 2004. The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company is Suite 7602A, Level 76, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"). Other than those subsidiaries established in the PRC whose functional currency is Renminbi ("RMB"), the functional currency of the Company and its subsidiaries are HK$. The reason for selecting HK$ as its presentation currency is because the Company is a public company listed on the GEM of the Stock Exchange, where most of the investors are located in Hong Kong.

The principle activity of the Company is investment holding. The principal activities of its subsidiaries are manufacture, research and development and distribution of consumer cosmetic, health related products, capsules products, health supplement wine, dental materials and equipment in the PRC and trading of securities in Hong Kong.

2. Summary of Significant Accounting Policies

Basis of Preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss ("FVTPL") which have been measured at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

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.

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

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

2. Summary of Significant Accounting Policies – *Continued*

Basis of consolidation – *Continued*

Non-controlling interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Non-controlling interests in the net assets consist of the amount of those interests at the date of the original business combination and the share of changes in equity by non-controlling interests since the date of the combination.

Investments in subsidiaries

Subsidiaries are entities that are controlled by the Group, where the Group has the power to govern the financial and operating policies of such entities so as to obtain benefits from their activities.

In the Company's statement of financial position, the investments in subsidiaries are stated at cost less impairment loss. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses and is presented separately in the consolidated statement of financial position.

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

On 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.

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 (other than construction in progress) are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment other than construction in progress over their estimated useful lives and after taking into account their estimated residual value.

The property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as below:

Buildings	20 years
Furniture, fixtures and office equipment	5 years
Motor vehicles	5 years
Plant and machinery	10 years
Leasehold improvement	5 years

2. Summary of Significant Accounting Policies – *Continued*

Property, plant and equipment – *Continued*

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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 profit or loss in the year in which the item is derecognised.

Prepaid lease payments

Payments for obtaining land use rights are accounted for as prepaid lease payments. Prepaid lease payments are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged to profit or loss on a straight-line basis over the period of the rights.

Financial instruments

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

Financial assets

The Group's financial assets are classified into one of the two categories, including financial assets at FVTPL and loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term, or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-making. Derivatives, including separated embedded derivates are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts.

A financial asset is designated as at FVTPL upon initial recognition if:

– such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

2. Summary of Significant Accounting Policies – *Continued*

Financial instruments – *Continued*

Financial assets – *Continued*

Financial assets at FVTPL – *Continued*

– the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

– it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

At the end of each reporting period subsequent to initial recognition, financial assets at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or recognised in profit or loss excludes any dividend or interest earned on the financial assets.

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 the end of the reporting period subsequent to initial recognition, loans and receivables (including loan receivables, other receivables, amounts due from an associate/related companies/investee companies and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss of financial assets below).

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for the debt instruments.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the assets have been affected.

For all of the Group's financial assets, objective evidence of impairment could include:

– significant financial difficulty of the issuer or counterparty; or

– default or delinquency in interest or principal payments; or

– it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

2. Summary of Significant Accounting Policies – *Continued*

Financial instruments – *Continued*

Financial assets – *Continued*

Impairment of financial assets – *Continued*

For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, 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 estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables and the amount due from a director, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade and other receivable or an amount due from a director is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent 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 Group after deducting all of its liabilities. The Group's financial liabilities are generally classified into other financial liabilities. The accounting policies adopted in respect of other financial liabilities and equity instruments are set out below.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Other financial liabilities

Other financial liabilities including trade and bills payables, other payables and accruals, bank and other borrowings, amount due to a non-controlling shareholder, amount due to a shareholder and amount due to a director are subsequently measured at amortised cost, using the effective interest method.

2. Summary of Significant Accounting Policies – *Continued*

Financial instruments – *Continued*

Equity instruments

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

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 and payable is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories in recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down on loss occurs. The amount of any reversal of any of inventories in recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Impairment losses on tangible assets (other than goodwill – see the accounting policy in respect of goodwill above)

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

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so 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.

2. Summary of Significant Accounting Policies – *Continued*

Revenue recognition

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

Sales of goods are recognised when goods are delivered and title has passed to customers.

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 exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying value.

Dividend income is recognised when the shareholders' rights to receive payment have been established.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

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

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those 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.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and an associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period 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 asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. 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.

2. Summary of Significant Accounting Policies – *Continued*

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 the 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 the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the exchange reserve).

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in the exchange reserve.

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 end of the reporting period, and are discounted to present value where the effect is material.

2. Summary of Significant Accounting Policies – *Continued*

Leasing

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

The Group as lessee

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

Leasehold land and buildings

The land and buildings elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale for which the commencement date for capitalisation is on or after 1 October 2009, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised as and included in finance costs in profit or loss in the period in which they are incurred.

Retirement benefits costs

Payments to state-managed retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees of the Group

The fair value of services received determined by reference to the fair value of share options granted at the grant date is recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (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.

2. Summary of Significant Accounting Policies – *Continued*

Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Group or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

3. Going Concern Convention

In preparing the consolidated financial statements, the directors of the Company (the "Directors") have given careful consideration to the liquidity of the Group as the Group has sustained operating losses for 5 consecutive years and incurred loss of approximately HK$46,040,000 for the year (2010: HK$18,065,000).

In order to improve the situation, the Directors have adopted the following measures with a view to maintain the Group's existence as a going concern and to improve the Group's overall financial and cash flow position during the year:

(a) the Group disposed of a subsidiary with its land use right located in the PRC to an independent third party at a consideration of approximately HK$8,830,000 (RMB7,200,000) in August 2011;

(b) the Group continues to implement measures to tighten cost controls over various operating expenses and to improve the Group's operating results and positive cash flow operation.

In the opinion of the Directors, as the measures described above accomplished the expected results, the Directors are satisfied that the Group is able to have sufficient working capital to meet in full its financial obligations as they fall due in the foreseeable future and be able to return to a commercially viable concern. Accordingly, the Directors considered that it is appropriate to prepare the consolidated financial statements on a going concern basis.

4. Adoption of New and Revised HKFRSs

In the current year, the Group has adopted the following new and revised HKFRSs issued by the HKICPA, which are or have become effective.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Improvements to HKFRSs 2010, as appropriate
HKFRS 1 (Amendments)	Additional Exemptions for First-time Adopters
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKAS 32 (Amendments)	Classification of Right Issues
HK (IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

The adoption of the new and revised HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

4. Adoption of New and Revised HKFRSs – *Continued*

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1], as appropriate
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[2]
HKFRS 7 (Amendments)	Financial instruments: Disclosure – Transfer of Financial Assets[2]
HKFRS 9	Financial Instruments[5]
HKFRS 10	Consolidated Financial Statements[5]
HKFRS 11	Joint Arrangements[5]
HKFRS 12	Disclosure of interests in other entities[5]
HKFRS 13	Fair Value Measurement[5]
HKAS 1 (Revised)	Presentation of Financial Statements[4]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[3]
HKAS 19 (Revised)	Employee benefits[5]
HKAS 24 (Revised)	Related Party Disclosures[1]
HKAS 27 (Revised)	Separate Financial Statements[5]
HKAS 28 (Revised)	Investments in Associates and Joint Ventures[5]
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[1]

1 Effective for annual periods beginning on or after 1 January 2011.
2 Effective for annual periods beginning on or after 1 July 2011.
3 Effective for annual periods beginning on or after 1 January 2012.
4 Effective for annual periods beginning on or after 1 July 2012.
5 Effective for annual periods beginning on or after 1 January 2013.

The amendments to HKAS 1 have been issued to improve the presentation of other comprehensive income. The amendments require entities to group together the items of other comprehensive income that may be reclassified to profit or loss in the future by presenting them separately from those that would never be reclassified to profit or loss. The application of the amendment to HKAS 1 might result in changes in presentation of the Group's statement of comprehensive income.

The Directors anticipate that the adoption of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

5. Critical Accounting Judgment and Key Sources of Estimation Uncertainty

Estimates and judgements are continually evaluated and are made based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Useful lives and impairment of properties, plant and equipment and other intangible assets

The Group's management determine the estimated useful lives, residual values and related depreciation and amortisation charges for the properties, plant and equipment and other intangible assets with reference to the estimated periods that the Group intends to derive future economic benefits from the use of these assets. Management will revise the depreciation and amortisation charges where useful lives are different to previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives; actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation and amortisation expense in the future periods.

The Group reviews tangibles and intangible assets for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recovered. Assessing the impairment loss requires a determination of fair value which is based on the best estimates and information available.

Assessment of goodwill impairment

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

Allowance for inventories

The management of the Group reviews an ageing analysis at the end of each reporting period, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for sales. The management estimates the net realisable value for such finished goods based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review on a product-by-product basis at the end of each reporting period and makes allowance for obsolete and slow-moving items.

5. Critical Accounting Judgment and Key Sources of Estimation Uncertainty – *Continued*

Allowance for bad and doubtful debts

Management regularly reviews the recoverability and age of the trade and other receivables. Appropriate impairment for estimated irrecoverable amounts are recognised in the consolidated statement of comprehensive income when there is objective evidence that the asset is impaired.

In determining whether allowance for bad and doubtful debts is required, the Group takes into consideration the current credit worthiness, the past collection history, age status and likelihood of collection. Specific allowance is only made for receivables that are unlikely to be collected and is recognised on the difference between the estimated future cash flow expected to receive discounted using the original effective interest rate and its carrying value. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment may be required. As at 30 September 2011, the carrying amount of trade and bills receivables are approximately HK$19,199,000 (2010: HK$28,282,000), net of allowance for doubtful debts of approximately HK$29,386,000 (2010: HK$21,392,000). While the carrying amount of prepayments and other receivables are approximately HK$30,154,000 (2010: HK$18,267,000), net of allowance for doubtful debts of approximately HK$559,000 (2010: HK$559,000).

6. Capital Risk Management

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

The capital structure of the Group consists of debt (which includes borrowings as detailed in note 28), 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 on a regular basis. As a part of this review, the directors of the Company consider the cost of capital and the associated risks and take appropriate actions to adjust the Group's capital structure.

7. Financial Instruments

a. Financial risk management objectives and policies

The Group's major financial instruments include trade and bills receivables, other receivables, bank balances and cash, trade and bills payables, other payables and accruals, bank and other borrowings, amount due to a non-controlling shareholder and amount due to directors. Details of these financial instruments are disclosed in respective notes. The risks 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.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 30 September 2011 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

As at 30 September 2011, the Group has certain concentration of credit risk as 48% (2010: 36%) of the total trade receivables were due from the Group's top five largest customers. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews regularly the recoverable amount of each individual trade receivables 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 financial institutions with high credit ratings.

Interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's fair value interest-rate risk mainly arises from bank and other borrowings as detailed in note 28. Bank and other borrowings were issued at fixed rates, exposing the Group to fair value interest-rate risk. The Group historically has not used any financial instruments to hedge potential fluctuations in interest rates.

Currency risk

Most of the Group's monetary assets and liabilities are denominated in RMB and HK$, and the Group conducts its business transactions principally in RMB and HK$. The exchange rate risk of the Group is not significant.

7. Financial Instruments – *Continued*

a. Financial risk management objectives and policies – *Continued*

Liquidity risk

The Group has implemented several measures to improve its working capital position and net financial position during the year, details of which are set out in note 3.

The Group has no covenants with banks for the banking facilities granted.

The following table details the Group's remaining contractual maturity for its financial liabilities. For non-derivative 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. The table includes both interest and principal cash flows.

	On demand or within one year HK$'000	**More than one year less than two years HK$'000**	**More than two years less than five years HK$'000**	**Total Undiscounted cash flow HK$'000**	**Carrying amount HK$'000**
At 30 September 2011					
Financial liabilities					
Trade and bills payables	**22,699**	**–**	**–**	**22,699**	**22,699**
Other payables and accruals	**52,358**	**–**	**–**	**52,358**	**52,358**
Bank and other borrowings	**22,210**	**–**	**–**	**22,210**	**22,210**
Tax payable	**59**	**–**	**–**	**59**	**59**
Amount due to a non-controlling shareholder	**774**	**–**	**–**	**774**	**774**
	98,100	**–**	**–**	**98,100**	**98,100**

	On demand or within one year HK$'000	More than one year less than two years HK$'000	More than two years less than five years HK$'000	Total Undiscounted cash flow HK$'000	Carrying amount HK$'000
At 30 September 2010					
Financial liabilities					
Trade and bills payables	19,527	–	–	19,527	19,527
Other payables and accruals	61,711	–	–	61,711	61,711
Bank and other borrowings	18,124	–	–	18,124	18,124
Amount due to a non-controlling shareholder	971	–	–	971	971
Amount due to directors	468	–	–	468	468
	100,801	–	–	100,801	100,801

7. Financial Instruments – *Continued*

b. Fair value

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

The Directors consider that the fair values of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate to the corresponding carrying amounts due to their short-term maturities.

c. Categories of financial instruments

	2011	2010
	HK$'000	HK$'000
Financial assets		
Financial assets at FVTPL	**38,798**	19,485
Loans and receivables (including cash and cash equivalents)		
Trade and bills receivables	**19,199**	28,282
Prepayments and other receivables	**30,154**	18,267
Bank balances and cash	**25,065**	88,443
	113,216	154,477
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade and bills payables	**22,699**	19,527
Other payables and accruals	**52,358**	61,711
Bank and other borrowings	**22,210**	18,124
Tax payable	**59**	–
Amount due to a non-controlling shareholder	**774**	971
Amounts due to directors	**–**	468
	98,100	100,801

7. Financial Instruments – *Continued*

d. Other price risk

The Group's financial assets at FVTPL are measured at fair value at end of the reporting period. Therefore, the Group is exposed to equity security price risk. Management manages this exposure by maintaining a portfolio of investments with different risk profiles.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

In respect of the financial assets at FVTPL, the following table demonstrates the impact on profit before tax and equity if the quoted market price of the Group's listed securities had been 5% (2010: 5%) higher/lower.

	Carrying amount of equity investments HK$'000	Increase or decrease in profit before tax HK$'000	Increase or decrease in equity HK$'000
2011			
Investments listed in Hong Kong – financial assets at FVTPL	**38,798**	**1,940**	**1,940**
2010			
Investments listed in Hong Kong – financial assets at FVTPL	19,485	974	974

8. Segment Information

The Group engaged in the manufacture, research and development and distribution of consumer cosmetic, health related products, capsules products, health supplement wine, dental materials and equipment in the PRC and trading of securities in Hong Kong.

Segment information in respect of business segments is presented as below:

Consolidated income statement

For the year ended 30 September 2011

	Manufacturing and sales of consumer cosmetics HK$'000	Manufacturing and sales of health related products HK$'000	Manufacturing and sales of capsules products HK$'000	Manufacturing and sales of health supplement wine HK$'000	Manufacturing and sales of dental materials and equipment HK$'000	Trading of financial assets at FVTPL HK$'000	Consolidated HK$'000
Turnover	**35,293**	**16,674**	**18,565**	**916**	**700**	**(27,131)**	**45,017**
Segment results	**385**	**(7,754)**	**(1,323)**	**(112)**	**(165)**	**(27,147)**	**(36,116)**
Other income							**3,233**
Unallocated corporate expenses							**(9,459)**
Finance costs							**(3,253)**
Loss before tax							**(45,595)**
Income tax expense							**(445)**
Loss for the year							**(46,040)**

For the year ended 30 September 2010

	Manufacturing and sales of consumer cosmetics HK$'000	Manufacturing and sales of health related products HK$'000	Manufacturing and sales of capsules products HK$'000	Manufacturing and sales of health supplement wine HK$'000	Manufacturing and sales of dental materials and equipment HK$'000	Trading of financial assets at FVTPL HK$'000	Consolidated HK$'000
Turnover	34,511	19,642	27,883	1,774	336	38	84,184
Segment results	(1,498)	(3,193)	(3,395)	66	(543)	(387)	(8,950)
Other income							9,968
Restructuring and redundancy costs							(2,107)
Unallocated corporate expenses							(15,199)
Finance costs							(1,730)
Loss before tax							(18,018)
Income tax expense							(47)
Loss for the year							(18,065)

8. Segment Information – *Continued*

Consolidated statement of financial position

As at 30 September 2011

	Manufacturing and sales of consumer cosmetics HK$'000	Manufacturing and sales of health related products HK$'000	Manufacturing and sales of capsules products HK$'000	Manufacturing and sales of health supplement wine HK$'000	Manufacturing and sales of dental materials and equipment HK$'000	Trading of financial assets at FVTPL HK$'000	Consolidated HK$'000
Assets							
Segment assets	**43,143**	**36,156**	**29,869**	**1,666**	**1,152**	**50,703**	**162,689**
Unallocated corporate assets							**33,140**
Total assets							**195,829**
Liabilities							
Segment liabilities	**45,468**	**29,876**	**11,237**	**1,402**	**790**	**–**	**88,773**
Unallocated corporate liabilities							**9,327**
Total liabilities							**98,100**

As at 30 September 2010

	Manufacturing and sales of consumer cosmetics HK$'000	Manufacturing and sales of health related products HK$'000	Manufacturing and sales of capsules products HK$'000	Manufacturing and sales of health supplement wine HK$'000	Manufacturing and sales of dental materials and equipment HK$'000	Trading of financial assets at FVTPL HK$'000	Consolidated HK$'000
Assets							
Segment assets	62,377	27,464	38,964	3,156	8,543	19,485	159,989
Unallocated corporate assets							87,529
Total assets							247,518
Liabilities							
Segment liabilities	41,764	29,272	15,838	2,835	4,433	–	94,142
Unallocated corporate liabilities							6,659
Total liabilities							100,801

8. Segment Information – *Continued*

Other segment information

For the year ended 30 September 2011

	Manufacturing and sales of consumer cosmetics HK$'000	Manufacturing and sales of health related products HK$'000	Manufacturing and sales of capsules products HK$'000	Manufacturing and sales of health supplement wine HK$'000	Manufacturing and sales of dental materials and equipment HK$'000	Trading of financial assets at FVTPL HK$'000	Unallocated HK$'000	Consolidated HK$'000
Capital expenditures	378	284	338	14	–	–	1,612	2,626
Amortisation of prepaid lease payments	275	45	65	2	–	–	–	387
Depreciation of property, plant and equipment	1,043	437	1,615	21	15	–	296	3,427
Impairment loss of obsolete stocks	1,664	1,248	–	59	–	–	–	2,971
Loss on disposal of a subsidiary	–	–	–	–	–	–	113	113
Loss on disposal of property, plant and equipment	186	140	–	7	–	–	2,183	2,516
Allowance for bad and doubtful debts	2,477	1,858	2,116	88	–	–	–	6,539

For the year ended 30 September 2010

	Manufacturing and sales of consumer cosmetics HK$'000	Manufacturing and sales of health related products HK$'000	Manufacturing and sales of capsules products HK$'000	Manufacturing and sales of health supplement wine HK$'000	Manufacturing and sales of dental materials and equipment HK$'000	Trading of financial assets at FVTPL HK$'000	Unallocated HK$'000	Consolidated HK$'000
Capital expenditures	1,234	245	341	24	4,058	–	–	5,902
Amortisation of prepaid lease payments	326	76	62	7	24	–	–	495
Depreciation of property, plant and equipment	1,420	663	1,530	65	20	–	–	3,698
Property, plant and equipment written off	59	43	–	4	–	–	–	106
Impairment loss recognised in respect of property, plant and equipment	1,931	–	–	–	589	–	–	2,520
Gain on disposal of prepaid lease payment	5,061	3,772	–	368	–	–	–	9,201
Impairment loss of obsolete stocks	7,660	5,233	–	511	–	–	–	13,404
Loss/(gain) on disposal of property, plant and equipment	76	(10)	–	(1)	–	–	–	65
Allowance for bad and doubtful debts	4,366	3,255	3,100	318	–	–	–	11,039

8. Segment Information – *Continued*

Information about major customers

Revenue from a single customer in the reporting period contributing over 10% of the total sales of the Group is as follows:

	2011 HK$'000	2010 HK$'000
Customer A	**13,537**	13,119
Customer B	**10,999**	8,896

9. Turnover

Turnover represents the amounts received and receivable from sales of goods less sales tax and discounts, if any, loss on and dividend income from financial assets at FVTPL during the year.

	2011 HK$'000	2010 HK$'000
Sales	**72,148**	84,146
Loss on financial assets at FVTPL	**(27,228)**	–
Dividend income	**97**	38
	45,017	84,184

10. Other Income

	2011 HK$'000	2010 HK$'000
Gain on disposal of prepaid lease payments	–	9,201
Interest income	**199**	108
Rental income	**532**	–
Sundry income	**2,502**	659
	3,233	9,968

11. Restructuring and Redundancy Costs

Since year 2009, the Group actively implemented a restructuring of its products distribution mode by converting direct sales system to dealership structure. To achieve so, the Group had shut down its inefficient sales networks and terminated certain of its employees. Relevant costs incurred in the process are as follows:

	2011 HK$'000	2010 HK$'000
Employees termination compensation paid	–	2,107

12. Finance Costs

	2011 HK$'000	2010 HK$'000
Interest expenses:		
– bank borrowings wholly repayable within five years	**1,405**	1,596
– other borrowings wholly repayable within five years	**1,438**	34
– discounted bills interest	**410**	100
	3,253	1,730

13. Loss Before Tax

	2011 HK$'000	2010 HK$'000
Loss before tax has been arrived at after charging:		
Directors' emoluments	**2,142**	3,640
Other staff costs	**8,941**	8,831
Retirement benefits scheme contributions (excluding directors' remuneration)	**1,489**	1,451
Total staff costs	**12,572**	13,922
Allowance for bad and doubtful debts (included in administrative expenses)	**6,539**	11,039
Impairment loss of obsolete stocks (included in cost of sales)	**2,971**	13,404
Cost of inventories recognised as an expense	**41,124**	43,700
Auditor's remuneration	**420**	420
Amortisation of prepaid lease payments	**387**	495
Depreciation of property, plant and equipment	**3,427**	3,698
Property, plant and equipment written off	**–**	106
Impairment loss recognised in respect of property, plant and equipment (included in administrative expenses)	**–**	2,520
Loss on disposal of a subsidiary	**113**	–
Loss on disposal of property, plant and equipment	**2,516**	65
Net exchange loss	**5**	2

14. Income Tax Expense

	2011 **HK$'000**	2010 HK$'000
The amount comprises:		
Taxation arising in the PRC		
Current year	**112**	47
Under provision in prior years	**333**	–
	445	47

The Company and its subsidiaries have no assessable profits arising in Hong Kong for the year and previous year.

Taxation arising in the PRC is calculated at the rates prevailing in the relevant jurisdiction.

Pursuant to the relevant law and regulations in the PRC, subsidiary of the Company in the PRC, Zhejiang Xinda Zhongshan Capsules Company Limited is exempted from PRC Enterprise Income Tax for two years starting from the first profit making year in which profits exceed any tax losses brought forward followed by a 50% tax reduction relief for PRC Enterprise Income Tax for the following three years.

The income tax expense for the year can be reconciled to the loss per the consolidated statement of comprehensive income as follows:

	2011 **HK$'000**	2010 HK$'000
Loss before tax	**(45,595)**	(18,018)
Tax at respective applicable tax rates	**(8,578)**	(4,505)
Tax effect of expenses not deducible for tax purposes	**4,779**	5,357
Tax effect of income not taxable for tax purposes	**(568)**	(2,300)
Tax effect of tax losses not recognised	**4,479**	1,495
Under provision in prior years	**333**	–
Income tax expense for the year	**445**	47

15. Dividends

No dividend was paid or proposed during the year ended 30 September 2011, nor has any dividend been proposed since the end of the reporting period (2010: nil).

16. Loss Per Share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year

	2011	2010
Loss attributable to the equity holders of the Company (HK$'000)	**(43,555)**	(16,465)
Weighted average number of ordinary shares in issue ('000)	**960,080**	680,461
Basic loss per share (HK cents)	**(4.54)**	(2.42)

No diluted loss per share has been presented for the year ended 30 September 2011 as there was no dilutive potential ordinary share outstanding during the year and the exercise price of the Company's outstanding share options was higher than the average market price for the Company's share during the year.

No diluted loss per share have been presented for the year ended 30 September 2010 as there was no dilutive potential ordinary share.

17. Directors' and Employees' Emoluments

(a) Directors' emoluments

Details of emoluments paid by the Group to the Directors during the year are as follows:

For the year ended 30 September 2011

	Fees HK$'000	Salaries and other benefits HK$'000	Share-based compensation HK'000	Retirement benefit scheme contributions HK$'000	Total emoluments HK$'000
Executive Directors					
Cheung Hung	–	610	–	–	610
Zhang Sanlin	–	180	–	8	188
Chen Zhongwei	–	120	–	–	120
Tian Zhenyong	–	360	–	–	360
Wang Zhixin	–	479	–	8	487
Wang Chun Hung (appointed on 21 September 2011)	–	17	–	–	17
	–	1,766	–	16	1,782
Independent non-executive Directors					
Chong Cha Hwa	120	–	–	–	120
Chan Wai Yan (resigned on 17 November 2011)	120	–	–	–	120
Sham Chi Keung, William	120	–	–	–	120
	360	–	–	–	360
Total	360	1,766	–	16	2,142

17. Directors' and Employees' Emoluments – *Continued*

(a) Directors' emoluments – *Continued*

For the year ended 30 September 2010

	Fees HK$'000	Salaries and other benefits HK$'000	Share-based compensation HK'000	Retirement benefit scheme contributions HK$'000	Total emoluments HK$'000
Executive Directors					
Cheung Hung					
(appointed on 19 January 2010)	–	421	866	–	1,287
Zhang Sanlin	–	230	–	–	230
Chen Zhongwei	–	313	–	–	313
Tian Zhenyong					
(appointed on 1 June 2010)	–	120	–	–	120
Wang Zhixin					
(appointed on 1 June 2010)	–	219	866	6	1,091
Zheng Lixin (resigned on 7 April 2010)	–	62	–	–	62
Yao Feng (resigned on 1 June 2010)	–	153	–	–	153
	–	1,518	1,732	6	3,256
Non-executive Director					
Lo Wing Yat, Kelvin					
(resigned on 9 April 2010)	–	–	–	–	–
Independent non-executive Directors					
Chong Cha Hwa	120	–	–	–	120
Chan Wai Yan					
(appointed on 19 January 2010)	84	–	–	–	84
Sham Chi Keung, William					
(appointed on 19 January 2010)	84	–	–	–	84
Yu Jie (retired on 18 March 2010)	60	–	–	–	60
Yu Hong (resigned on 19 January 2010)	36	–	–	–	36
	384	–	–	–	384
Total	384	1,518	1,732	6	3,640

None of the Directors waived or agreed to waive any emoluments paid by the Group and no incentive payment for joining the Group or compensation for loss of office was paid or payable to any director of the Company during the two years ended 30 September 2011 and 2010.

17. Directors' and Employees' Emoluments – *Continued*

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, three (2010: five) were Directors whose emoluments are included in the disclosures in note (a) above. The emoluments of the remaining two individuals for the year ended 30 September 2011 were as follows:

	2011 HK$'000	2010 HK$'000
Salaries and other benefit	**776**	–
Retirement benefit scheme contributions	**13**	–
	789	–

No emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the two years ended 30 September 2011 and 2010.

18. Goodwill

	HK$'000
COST	
At 1 October 2009, 30 September 2010 and 1 October 2010	5,525
Disposal of subsidiaries	(5,525)
At 30 September 2011	–
IMPAIRMENT LOSS	
At 1 October 2009, 30 September 2010 and 1 October 2010	5,525
Eliminated on disposal of subsidiaries	(5,525)
At 30 September 2011	–
CARRYING VALUES	
At 30 September 2011	–
At 30 September 2010	–

Goodwill arose on acquisition of subsidiary, Jiangsu Longlife Biochemistry Company Limited ("Jiangsu Longlife"). Goodwill will be tested for impairment at least annually.

The subsidiary was disposed of during the year.

19. Property, Plant and Equipment

	Buildings HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Plant and machinery HK$'000	Leasehold improvement HK$'000	Construction in progress HK$'000	Total HK$'000
COSTS							
At 1 October 2009	39,657	5,415	2,983	18,976	–	4,230	71,261
Exchange realignment	712	96	53	334	–	77	1,272
Additions	957	140	143	584	–	4,078	5,902
Transfers	–	–	–	–	–	–	–
Disposals	(1,235)	(289)	(888)	(1,706)	–	–	(4,118)
Written off	–	(1,362)	(805)	(2,413)	–	(104)	(4,684)
At 30 September 2010 and at 1 October 2010	40,091	4,000	1,486	15,775	–	8,281	69,633
Exchange realignment	1,899	193	72	759	–	399	3,322
Additions	57	337	245	684	1,121	182	2,626
Disposal of a subsidiary	(9,599)	(48)	–	(194)	–	(1,741)	(11,582)
Disposals	(562)	(133)	(738)	(2,131)	–	(7,048)	(10,612)
At 30 September 2011	31,886	4,349	1,065	14,893	1,121	73	53,387
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSS							
At 1 October 2009	9,025	4,563	2,083	9,299	–	–	24,970
Exchange realignment	170	80	33	172	–	–	455
Charge for the year	1,415	291	152	1,840	–	–	3,698
Impairment loss recognised	–	149	460	1,322	–	589	2,520
Eliminated on disposals	(344)	(205)	(759)	(1,090)	–	–	(2,398)
Eliminated on written off	–	(1,359)	(805)	(2,414)	–	–	(4,578)
At 30 September 2010 and at 1 October 2010	10,266	3,519	1,164	9,129	–	589	24,667
Exchange realignment	569	170	46	448	–	17	1,250
Charge for the year	1,453	121	56	1,573	224	–	3,427
Disposal of a subsidiary	(2,116)	(38)	–	(137)	–	–	(2,291)
Eliminated on disposals	(58)	(124)	(570)	(1,294)	–	(606)	(2,652)
At 30 September 2011	10,114	3,648	696	9,719	224	–	24,401
CARRYING VALUES							
At 30 September 2011	21,772	701	369	5,174	897	73	28,986
At 30 September 2010	29,825	481	322	6,646	–	7,692	44,966

As at 30 September 2011, certain buildings of the Group in the PRC with aggregate carrying amount of approximately HK$14,627,000 (2010: HK$14,717,000) have been pledged to secure bank borrowings granted to the Group (note 28).

19. Property, Plant and Equipment – *Continued*

The management considered that no impairment loss should be recognised in the consolidated statement of comprehensive income for the year ended 30 September 2011(2010: HK$2,520,000).

20. Prepaid Lease Payments

The Group's prepaid lease payments represented leasehold land located in the PRC held under medium-term leases.

	2011	2010
	HK$'000	HK$'000
Carrying amount at beginning of the reporting period	**11,939**	16,585
Exchange realignment	**1,034**	405
Amortisation	**(387)**	(495)
Disposal of a subsidiary (note 32)	**(4,188)**	–
Disposal	**(1,206)**	(4,556)
Carrying amount at end of the reporting period	**7,192**	11,939
Analysed for reporting purpose as:		
Current asset	**178**	425
Non-current asset	**7,014**	11,514
	7,192	11,939

The prepaid lease payments are amortised over the period of the rights of 45 years.

At 30 September 2011, the Group's prepaid lease payments amounting to approximately HK$7,058,000 (2010: HK$6,822,000) were pledged to secure bank borrowings granted to the Group (note 28).

21. Financial Assets

Financial assets at FVTPL as at 30 September comprise:

	2011	2010
	HK$'000	HK$'000
Fair value:		
Securities listed in Hong Kong held for trading	**38,798**	19,485

The fair values of the Group's financial assets at FVTPL were determined based on the quoted market bid prices available on the relevant exchanges at the end of the reporting period.

The following table presents the carrying value of financial instruments measured at fair value at the end of the reporting period across the three levels of the fair value hierarchy defined in HKFRS 7, Financial Instruments Disclosures, with the fair value of each financial instrument categorized in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

– Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments;

– Level 2 (mid level): fair values measured using quoted process in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data; and

– Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data.

Securities listed in Hong Kong held for trading

	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
As at 30 September 2011	**38,798**	**–**	**–**	**38,798**
As at 30 September 2010	19,485	–	–	19,485

22. Inventories

	2011 HK$'000	2010 HK$'000
Raw materials	**8,668**	7,252
Work in progress	**1,817**	1,971
Finished goods	**35,950**	26,869
	46,435	36,092

23. Trade and Bills Receivables

	2011 HK$'000	2010 HK$'000
Trade and bills receivables	**48,585**	49,674
Less: Allowance for bad and doubtful debts	**(29,386)**	(21,392)
	19,199	28,282

The Group has a policy of allowing an average credit period of 90 days to its trade customers. The following is an aged analysis of trade and bills receivables net of allowance at the end of the reporting period:

	2011 HK$'000	2010 HK$'000
0 – 90 days	**11,045**	10,365
91 – 180 days	**3,391**	8,762
181 – 365 days	**4,753**	9,147
Over 365 days	**10**	8
	19,199	28,282

Ageing analysis of trade receivables past due but not impaired:

	2011 HK$'000	2010 HK$'000
91 – 180 days	**3,391**	8,762
181 – 365 days	**4,753**	9,147
Over 365 days	**10**	8
	8,154	17,917

23. Trade and Bills Receivables – *Continued*

Trade receivables that were past due but not impaired relate to customers that have a good repayment record with the Group. Based on past experience, the Directors believe that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly. The movement in the allowance for bad and doubtful debts is as follows:

	2011 **HK$'000**	2010 HK$'000
Balance at beginning of the reporting period	**21,392**	10,043
Exchange realignment	**1,455**	310
Write back of allowance for bad and doubtful debts	**(897)**	(2,969)
Allowance for bad and doubtful debts recognised	**7,436**	14,008
Balance at end of the reporting period	**29,386**	21,392

The individually impaired receivables are recognised based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions. At the end of the reporting period, included in the allowance for doubtful debts were individually impaired trade receivables with an aggregate balance of approximately HK$29,386,000 (2010: HK$21,392,000).

24. Prepayments and Other Receivables

During the financial year, there were no individually impaired other receivables (2010: Nil) included in the allowance for bad and doubtful debts.

The movement in the allowance for bad and doubtful debts is as follows:

	2011 **HK$'000**	2010 HK$'000
Balance at beginning and end of the reporting period	**559**	559

25. Bank Balances and Cash

Bank balances and cash comprise short-term bank deposits carry interest at prevailing deposit rates.

Included in cash and bank balances, there is a total balance amounting to RMB6,208,000 (equivalent to HK$7,614,000) (2010: RMB4,389,000 (equivalent to HK$5,083,000)) denominated in RMB which is not a freely convertible currency.

The bank balances and cash are denominated in the following currencies:

	2011	2010
	HK$'000	HK$'000
Hong Kong dollar	**17,451**	83,360
Renminbi	**7,614**	5,083
	25,065	88,443

26. Trade and Bills Payables

The following is an aged analysis of trade and bills payables at the end of the reporting period:

	2011	2010
	HK$'000	HK$'000
0 – 90 days	**12,151**	8,687
91 – 180 days	**745**	1,129
181 – 365 days	**472**	1,579
Over 365 days	**9,331**	8,132
	22,699	19,527

27. Other payables and accruals

		2011	2010
	Notes	**HK$'000**	HK$'000
Salary and wages payable		**1,920**	3,221
Receipt in advance		**6,417**	763
Accruals and others		**9,320**	6,555
Provision for value-added tax, business tax and other government duties		**13,710**	17,786
Payable for construction work and related legal costs		**–**	4,089
Amount due to an ex-director, Mr. Yang Honggen	(a)	**16,508**	21,179
Advance from independent third parties	(b)	**4,483**	8,118
		52,358	61,711

27. Other payables and accruals – *Continued*

(a) The loan of HK$16,508,000 (2010: HK$16,155,000) is unsecured, bearing interest at 6.903% per annum (2010: 5% per annum) and repayable on demand. The remaining balance of HK$5,024,000 due to Mr. Yang Honggen outstanding at 30 September 2010 was unsecured, interest-free and repayable on demand.

(b) The advances are unsecured, interest-free and repayable on demand.

28. Bank and Other Borrowings

	2011 **HK$'000**	2010 HK$'000
Secured bank borrowings	**15,085**	17,371
Unsecured bank borrowings	**–**	579
Unsecured other borrowings	**7,125**	174
	22,210	18,124
Carrying amount repayable:		
Less than one year	**22,210**	18,124

All of the Group's borrowings are denominated in RMB.

At 30 September 2011, secured bank borrowings of approximately HK$15,085,000 (2010: HK$17,371,000) were secured by buildings and prepaid lease payments of the Group with aggregate carrying amount of approximately HK$21,685,000 (2010: HK$21,539,000). At 30 September 2011, part of such secured bank borrowings to the extent of approximately HK$12,264,000 (2010: HK$11,581,000) were guaranteed by the CEO and an ex-director of the Company (note 40).

At 30 September 2011, no bank borrowing (2010: HK$579,000) was guaranteed by an independent third party to the Group.

The bank borrowings carried interest ranging from 6.37% to 6.57% (2010: 5.53% to 9.29%) per annum.

The other borrowings were unsecured and carried interest ranging from 9.01% to 16.2% per annum (2010: at 12%).

29. Amounts Due to a Non-controlling Shareholder and Directors

The amounts due to a non-controlling shareholder and Directors are unsecured, interest-fee and repayable on demand.

30. Deferred Taxation

At the end of the reporting period, the Group had unused tax losses of approximately HK$227,799,000 (2010: HK$125,976,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profits stream. Such tax losses can be carried forward for 5 years from the year in which the respective loss arose.

31. Share Capital

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 October 2009, 30 September 2010, 1 October 2010 and 30 September 2011	**2,000,000,000**	200,000
Issued and fully paid:		
At 1 October 2009	**533,400,000**	53,340
Issue of shares by placement at HK$0.215 each (note (a))	**106,680,000**	10,668
Issue of shares by placement at HK$0.27 each (note (b))	**128,000,000**	12,800
Issue of shares by placement at HK$0.27 each (note (b))	**192,000,000**	19,200
Total issue of shares for the year	**426,680,000**	42,668
At 30 September 2010, 1 October 2010 and 30 September 2011	**960,080,000**	96,008

Note:

(a) Pursuant to the placing agreement dated 10 February 2010, the Company allotted and issued 106,680,000 new shares on 10 March 2010, to not fewer than six placees at the placing price of HK$0.215 each. The Placees are third parties independent of and not connected with the Group. The new shares rank pari passu with the existing shares in all respects.

(b) Pursuant to the placing agreement dated 24 March 2010, the Company allotted and issued a total of 320,000,000 new shares on 9 April 2010 and 13 August 2010, to not fewer than six placees at the placing price of HK$0.27 each. The Placees are third parties independent of and not connected with the Group. The new shares rank pari passu with the existing shares in all respects.

32. Disposal of a Subsidiary

On 30 August 2011, the Group has disposed of its 100% interest in Jiangsu Longlife to an independent third party at a consideration of approximately HK$8,830,000 (RMB7,200,000). The net assets of the subsidiary at the date of disposal were as follows:

	HK$'000
Net assets disposed of:	
Prepaid lease payments	4,188
Property, plant and equipment	9,291
Other receivables	32
Other payables and accruals	(67)
Amounts due to a fellow subsidiary	(456)
	12,988
Exchange reserve realised on disposal of a subsidiary	(4,045)
Loss on disposal	(113)
Total consideration	8,830
Net cash inflow arising on disposal:	
Total consideration	8,830
Consideration not yet received	(1,594)
	7,236

33. Share Option Scheme

(a) Scheme

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Directors, including Independent Non-Executive Directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, persons or entity provides research, development or other technological support to the Group, any non-controlling shareholder in the Company's subsidiaries, and adviser to business development of the Group. The Scheme became effective on 26 May 2004 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue as at the date of approval of the Scheme. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the Independent Non-Executive Directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted in writing within 21 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted shall be determined by the Directors at their absolute discretion, but in any event shall not be more than 10 years from the date of the offer of the share options.

The exercise price of the share options is determinable by the Directors, but may not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of the offer of grant; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Company's shares.

33. Share Option Scheme – *Continued*

(b) Options granted

Summary of the share options granted is as follows:

(i) Movement in number of share options

	2011	2010
Number of share options		
At beginning of the reporting period	**50,000,000**	–
Granted during the year	**–**	50,000,000
At end of the reporting period	**50,000,000**	50,000,000

(ii) Details of the share options granted during the year ended 30 September 2010

Date of grant	**Exercisable period**	**Number of share options granted**	**Exercise price** HK$	**Fair value at date of grant** HK$
9 April 2010	9 April 2010 – 8 April 2020	50,000,000	0.355	0.1732

The average fair value of the share options granted during the year ended 30 September 2010 is HK$0.1732 each. Options were priced using the Black-Scholes Option Pricing Model. As it requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

The expected volatility is based on the historical volatility of the share prices of the Company over a period that is equal to the expected life before the grant date.

The vesting period of the share options is from the date of grant until the commencement of the exercise period. The share options would be fully exercisable from the commencement of the exercise period.

The fair value of the shares options granted in the year as determined by using the Black-Scholes Option pricing model was approximately HK$8,660,000 of which approximately HK$8,574,000 was recognised in profit or loss in the year ended 30 September 2010.

34. Operating Lease Commitments

	2011	2010
	HK$'000	HK$'000
Minimum lease payments under operating lease during the year in relation to office premises, warehouses and staff quarters	**1,450**	313

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of office premises, warehouses and staff quarters which fall due as follows:

	2011	2010
	HK$'000	HK$'000
Within one year	**1,538**	1,649
In the second to fifth year inclusive	**1,054**	2,573
	2,592	4,222

Leases are negotiated and rentals are fixed for terms of 1 year to 3 years (2010: 1 year to 3 years).

35. Capital Commitments

	2011	2010
	HK$'000	HK$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of		
– acquisition of property, plant and equipment	**–**	394

36. Pledge of Assets

At end of the reporting period, the following assets were pledged by the Group to secure financing facilities:

	2011	2010
	HK$'000	HK$'000
Property, plant and equipment	**14,627**	14,717
Prepaid lease payments	**7,058**	6,822
Financial assets	**38,798**	–
Cash held in margin accounts with stock brokers included in "Prepayments and other receivables"	**11,906**	–
	72,389	21,539

37. Retirement Benefits Scheme

The employees of the subsidiaries in the PRC are members of a state-managed retirement benefits scheme operated by the PRC government.

The relevant subsidiaries are required to make contributions to the defined contribution pension scheme in the PRC based on certain percentage of the monthly salaries of their current employees to fund the benefits. The employees are entitled to a retirement pension calculated with reference to their basic salaries on retirement and their length of service in accordance with the relevant government regulations. The PRC government is responsible for the pension liability to these retired staff. The pension scheme contributions made by the Group was approximately HK$1,505,000 for the year (2010: HK$1,457,000).

38. Statement of Financial Position of the Company

	2011	2010
	HK$'000	HK$'000
NON CURRENT ASSETS		
Investments in subsidiaries	**–**	–
Property, plant and equipment	**1,157**	–
	1,157	–
CURRENT ASSETS		
Prepayments and other receivables	**1,193**	1,017
Amounts due from subsidiaries (note)	**127,306**	69,705
Bank balances and cash	**17,224**	82,766
	145,723	153,488
CURRENT LIABILITIES		
Other payables and accruals	**887**	691
Amounts due to directors (note)	**–**	468
Amounts due to subsidiaries (note)	**10,264**	10,675
	11,151	11,834
NET CURRENT ASSETS	**134,572**	141,654
	135,729	141,654
CAPITAL AND RESERVES		
Share capital	**96,008**	96,008
Reserves	**39,721**	45,646
	135,729	141,654

Note: The amounts due from (to) subsidiaries and directors are unsecured, interest-free and repayable on demand.

As at 30 September 2011, the aggregate amount of reserves of the Company available for distribution to equity shareholders of the Company was approximately HK$162,695,000 (2010: HK$162,695,000). The distributable reserves which include the Company's share premium and other reserves, under the Companies Law of the Cayman Islands, are distributable to shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

39. Particulars of Subsidiaries

Details of the subsidiaries held by the Company as at 30 September 2011 are as follows:

Name of company	Place of incorporation/ registration/ operation	Issued and fully paid up share capital/ registered capital	Proportion ownership interest held by the Company		Principal activities
			Directly	Indirectly	
Wallfaith Company Limited	British Virgin Islands ("BVI")	Ordinary shares US$100	100%	–	Investment holding
Suzhou Longlifu Health Food Co., Ltd. 蘇州朗力福保健品有限公司 (Note a)	PRC	Registered capital RMB70,000,000	–	100%	Manufacture and sale of health related products, household commodities and health supplement wine
Smiston Technology Limited	BVI	Ordinary shares US$50,000	–	100%	Investment holding
Splendid Rich Holdings Limited	BVI	Ordinary shares US$100	100%	–	Investment holding and trading of securities
Suzhou Beautiful Biochemistry Co., Ltd. 蘇州別特福生化有限公司 (Note a)	PRC	Registered capital US$3,800,000	–	100%	Manufacture of household commodities for daily use
Zhejiang Xinda Zhongshan Capsules Company Limited 浙江新大中山膠囊有限公司 (Note b)	PRC	Registered capital US$1,800,000	–	61%	Manufacture and sale of capsules
Suzhou Longlifu Trading Co., Ltd. 蘇州朗力福商貿有限公司 (Note c)	PRC	Registered capital RMB5,000,000	–	100%	Trading of household commodities and health related products
Jiangsu Longlife Special Equipment Technology Co. Ltd. 江蘇朗力福專用設備科技有限公司 (Note a)	PRC	Registered capital HK$50,000,000 (paid up HK$10,000,000)	–	100%	Investment holding
China Dental Technology Group Limited	BVI	Ordinary shares US$1	100%	–	Investment holding
Suzhou Longlife Medical Devices Co., Ltd. 蘇州朗力福醫療器械有限公司 (Note c)	PRC	Registered capital RMB5,000,000	–	100%	Sales of dental materials and equipment
Suzhou Anderson Medical Devices Co., Ltd. 蘇州安德森醫療器械有限公司 (Note c)	PRC	Registered capital RMB1,000,000	–	100%	Inactive

Notes:

a. These subsidiaries are wholly-foreign owned enterprises established in the PRC.

b. It is a sino-foreign owned enterprise established in the PRC.

c. These subsidiaries are limited companies established in the PRC.

The English names of all PRC subsidiaries are for identification purpose only.

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

40. Related Party and Connected Transactions

(a) Outstanding balances with related parties

(i) As at 30 September 2011, certain secured bank borrowings amounting to approximately HK$12,264,000 (2010: HK$11,581,000) were guaranteed by the Chief Executive Officer and an ex-director of the Company, Mr. Yang Shunfeng.

(ii) As at 30 September 2011, unsecured other borrowing amounting to approximately HK$6,941,000 (2010: Nil) was borrowed from a non-controlling shareholder bearing interest at 9.01% p.a.

(iii) In addition to the disclosures of details of amount due to a non-controlling shareholder and Directors in note 29 to the financial statements, as at 30 September 2011, there were no outstanding balances due to the following parties:

	2011 **HK$'000**	2010 HK$'000
Amounts due to directors:		
Mr. Cheung Hung	–	91
Mr. Zhang Sanlin	–	78
Mr. Chen Zhongwei	–	139
Mr. Tian Zhenyong	–	30
Mr. Wang Zhixin	–	120
Mr. Chong Cha Hwa	–	10
	–	468

(b) Transactions with related parties

Details of the transactions with related parties during the year:

On 15 November 2010, the Company and Capital VC Limited have jointly entered into a tenancy agreement for the lease of office promises. Under the agreement, the Company shared 50% of the rent on a cost basis.

The Company confirms that the joint tenancy agreement as disclosed above falls under the definition of continuing connected transactions in Chapter 20 of the GEM Listing Rules and that it should be exempted from reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Note: Capital VC Limited is substantial shareholder of the Company.

40. Related Party and Connected Transactions – *Continued*

(c) Compensation of key management personnel

The remuneration of Directors and other members of key management during the year was as follows:

	2011 **HK$'000**	2010 HK$'000
Short-term benefits	**2,126**	3,634
Post-employment benefits	**16**	6
	2,142	3,640

The remuneration of Directors and key executives is determined by the Remuneration Committee having regard to the individual performance and market trends.

41. Contingent Liabilities

The Company and Capital VC Limited have jointly entered into a tenancy agreement for the lease of office premises for a term of three years from 5 July 2010 to 4 July 2013. As at 30 September 2011, the maximum rental liabilities of the Company should there be any default of rental payment of Capital VC Limited would be HK$2,460,000 (2010: HK$4,222,000).

42. Comparative Figures

Certain comparative figures have been restated to conform with the current year's presentation.

FINANCIAL SUMMARY

Results

	For the year ended 30 September				
	2007	2008	2009	2010	**2011**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Turnover	270,753	272,277	160,522	84,184	**45,017**
Cost of sales	(98,038)	(111,725)	(71,641)	(43,700)	**(41,124)**
Gross profit	172,715	160,552	88,881	40,484	**3,893**
Other income	2,160	1,001	2,046	9,968	**3,233**
Impairment loss recognised in respect of goodwill	–	–	(5,525)	–	**–**
Restructuring and redundancy cost	–	–	(35,030)	(2,107)	**–**
Administrative expenses	(26,788)	(32,192)	(29,886)	(33,951)	**(23,491)**
Selling and distribution expenses	(181,714)	(161,715)	(98,170)	(27,715)	**(22,903)**
Other expenses	(620)	(768)	(2,367)	(2,967)	**(3,074)**
Finance costs	(2,002)	(2,769)	(3,388)	(1,730)	**(3,253)**
Loss before tax	(36,249)	(35,891)	(83,439)	(18,018)	**(45,595)**
Income tax expense	(2,084)	(1,534)	(978)	(47)	**(445)**
Loss for the year	(38,333)	(37,425)	(84,417)	(18,065)	**(46,040)**
Loss attributable to:					
Equity holders of the Company	(38,375)	(38,187)	(83,561)	(16,465)	**(43,555)**
Non-controlling interests	42	762	(856)	(1,600)	**(2,485)**
Loss for the year	(38,333)	(37,425)	(84,417)	(18,065)	**(46,040)**

Assets and liabilities

	As at 30 September				
	2007	2008	2009	2010	**2011**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Total assets	245,037	248,330	155,070	247,518	**195,829**
Total liabilities	(98,352)	(113,789)	(105,892)	(100,801)	**(98,100)**
Total equity	146,685	134,541	49,178	146,717	**97,729**
Non-controlling interests	(5,712)	(7,393)	(6,214)	(4,724)	**(2,405)**
Equity attributable to equity holders of the Company	140,973	127,148	42,964	141,993	**95,324**