朗力福®

Longlife Group Holdings Limited

朗力福集團控股有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

Stock Code: 8037

ANNUAL REPORT 2012/13

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED ("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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors ("Directors") of Longlife Group Holdings Limited ("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 ("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. Leung Pak Hou Anson
(appointed on 15 May 2013)
Ms. Chen Miaoping *(Chief Executive Officer)*
(appointed on 30 May 2013)
Mr. See Ching Chuen
(resigned on 15 May 2013)
Mr. Wang Zhixin
(resigned on 30 May 2013)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yeung Chi Tit
Mr. Kwok Shun Tim
(appointed on 8 February 2013)
Mr. Leung Ka Fai
(appointed on 26 June 2013)
Mr. Chong Cha Hwa
(resigned on 28 February 2013)
Mr. Sham Chi Keung, William
(resigned on 26 June 2013)

AUDIT COMMITTEE

Mr. Kwok Shun Tim *(Committee Chairman)*
(appointed on 28 February 2013)
Mr. Yeung Chi Tit
Mr. Leung Ka Fai
(appointed on 26 June 2013)
Mr. Chong Cha Hwa *(Committee Chairman)*
(resigned on 28 February 2013)
Mr. Sham Chi Keung, William
(resigned on 26 June 2013)

REMUNERATION COMMITTEE

Mr. Yeung Chi Tit *(Committee Chairman)*
Mr. Kwok Shun Tim
(appointed on 28 February 2013)
Mr. Leung Pak Hou Anson
(appointed on 30 May 2013)
Mr. Chong Cha Hwa
(resigned on 28 February 2013)
Mr. Leung Ka Fai
(appointed on 26 June 2013)
Mr. Wang Zhixin
(resigned on 30 May 2013)
Mr. Sham Chi Keung, William
(resigned on 26 June 2013)

NOMINATION COMMITTEE

Mr. Cheung Hung *(Committee Chairman)*
Mr. Yeung Chi Tit
Mr. Kwok Shun Tim
(appointed on 28 February 2013)
Mr. Leung Ka Fai
(appointed on 26 June 2013)
Mr. Chong Cha Hwa
(resigned on 28 February 2013)
Mr. Sham Chi Keung, William
(resigned on 26 June 2013)

COMPLIANCE OFFICERS

Mr. Leung Pak Hou Anson
(appointed on 30 May 2013)
Mr. Wang Zhixin
(resigned on 30 May 2013)

COMPANY SECRETARY

Mr. Lei Kin Keong, *HKICPA*
(appointed on 30 May 2013)
Mr. Yu Yun Kong
(resigned on 30 May 2013)

CORPORATE INFORMATION

AUTHORISED REPRESENTATIVE
Mr. Leung Pak Hou Anson
(appointed on 15 May 2013)
Mr. Lei Kin Keong
(appointed on 30 May 2013)
Mr. Yu Yun Kong
(resigned on 15 May 2013)
Mr. Cheung Hung
(resigned on 30 May 2013)

AUDITOR
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Certified Public Accountants
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Wanchai, Hong Kong

REGISTERED OFFICE
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HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG
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New Territories,
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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Codan Services Limited
Clarendon House,
2 Church Street,
Hamilton HM 11,
Bermuda

PRINCIPAL BANKERS
Bank of Suzhou
Bank of Guiyang
Citic Bank International Limited
Dah Sing Bank, Limited
Hang Seng Bank
Jiangsu Dongwu Rural Commercial Bank

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

COMPANY WEBSITE
www.longlife.com.hk

STOCK CODE
8037

CHAIRMAN'S STATEMENT

To all shareholders,

On behalf of Longlife Group Holdings Limited ("**Company**") and its subsidiaries (collectively the "**Group**"), I am pleased to present the audited consolidated annual results of the Group for the fifteen months ended 31 December 2013 ("**2013 Period**") to our shareholders.

RESULTS

The Group is principally engaged in (i) manufacture, research and development, sales and distribution of consumer cosmetics, health related and pharmaceutical products, health supplement wine, dental materials and equipment in the People's Republic of China ("**PRC**") and Hong Kong; and (ii) trading of securities in Hong Kong.

During the 2013 Period, the main business of the Group is continuously expanding in order to maximise our products lists and expand our distribution channels. The Group is under restructuring process, the synergies effect have not been generated during this earlier stage. Facing of the slowing economic growth in the PRC, fierce competition in the pharmaceutical industry in the PRC and increasing pressure on the cost of sales such as procurement costs of the raw materials and labour wages, the Group recorded net loss from continuing operations of approximately HK$75,289,000 (twelve months ended 30 September 2012: HK$14,867,000).

Apart from the factors mentioned aforesaid, the net loss from continuing operations also generated from the recognised net loss in trading financial asset at fair value through profit or loss amounting to HK$23,910,000 (twelve months ended 30 September 2012: HK$4,105,000) and the impairment of goodwill and intangible asset amounting to HK$20,945,000 (twelve months ended 30 September 2012: Nil) and HK$7,223,000 (twelve months ended 30 September 2012: Nil) respectively.

BUSINESS REVIEW

Significant change of the business structure

During the fifteen months ended 31 December 2013 ("**2013 Period**"), there were some changes in the mix of the Group's major businesses as a result of disposal of non-core business and acquisition of several subsidiaries in relation to the core business.

Capture of opportunities to realise the capital gain on the disposal of subsidiaries

In light of the current growing pharmaceutical industry in the PRC, the Group has decided to strengthen the operation of its core business by the disposal of its synthetic rubber's trading business, which was completed on 21 May 2013. The Group generated sales proceeds of approximately HK$28 million to strengthen its internal resource for future investments.

CHAIRMAN'S STATEMENT

Expanding existing core business by vertical and horizontal acquisitions

During the 2013 Period, the Group has embarked on a number of collaborative and acquisition projects in relation to the pharmaceutical and healthcare products business to further expand and diversify the Group's business scope so as to enhance the profitability of the Group in the future.

The acquisition projects mainly focus on the wholesales of pharmaceutical healthcare products and medical related machinery and the research and development of pharmaceutical products, which comprise three key sub-groups ("**Newly Acquired Projects**"), namely:

– **Kingston Group (comprising Kingston Group Holdings Limited, together with its subsidiaries, Healthy International Limited and Town Health Choice Limited):** Marketing and sales of health supplements, traditional Chinese medicines, sliming pills and beauty products. Kingston Group was recently introduced a series of new health supplements, including DHA and colostrum pills, to expand the variety of products. The Kingston Group sells its products via popular retail chains, internal sale platform and selected private clinics in Hong Kong. The acquisition of the Kingston Group would also enable the Group to recruit personnel who are experienced in sales and marketing of those relevant products, so as to strengthen the Group's sales and marketing force in Hong Kong.

– **Icy Snow Group (comprising Icy Snow Limited and its subsidiaries, V-Express Pharmaceutical Limited and 廣州瑩潤藥業有限公司 (In English, for identification purpose, Guangzhou Yingrun Pharmaceutical Co., Ltd.)):** Trading and wholesales of pharmaceutical products in Hong Kong and the PRC and sales of pharmaceutical machinery in the PRC. Icy Snow Group sells its products to private clinics and over-the-counter ("**OTC**") pharmacies in Hong Kong, private hospitals and OTC pharmacies in the PRC. The acquisition of the Icy Snow Group would also enable the Group to expand its sales and marketing team of pharmaceutical products and medical devices, therefore strengthening the Group's sales and marketing capacity in Hong Kong and the PRC.

– **Jet Rich Group (comprising Jet Rich Investment Limited and its subsidiary, 北京創新美凱科技開發有限公司 (in English, for identification purpose, Beijing Chuangxin Meikai Technology Development Co., Ltd.)):** Research and development of medicine products.

The Group entered into the memorandum of understanding relating to the proposed acquisition of 貴陽舒美達製藥廠有限公司 (in English, for identification purpose, Guiyang Shu Mei Da Pharmaceutical Co., Ltd), which is principally engaged in the manufacture and sales of proprietary chinese medicine products and healthcare products in the PRC. Such acquisition is under negotiation as at the date of this annual report.

The Group is in the initial integration phase of developing a complete business chain for (i) research and development, (ii) manufacturing and (iii) selling and distributing, of health related and pharmaceutical products. The Group will continue to seek opportunities to acquire, co-operate with, or invest in, manufactures of pharmaceutical products.

CHAIRMAN'S STATEMENT

FUTURE OUTLOOK

To revamp our investment strategy

During the 2013 Period, the Group suffered loss on securities trading. The Group will revamp our investment strategy and explore securities investment opportunities with due care and diligence in order to generate profits for shareholders.

To develop an business plan in the business of manufacture, research and development and sales and distribution of pharmaceutical and health related products in the Hong Kong and the PRC

Looking forward, the cheap labour market in the PRC is gradually disappearing. Because of high labour and raw material costs, as well as slowing economic growth, the pharmaceutical industry in the PRC is facing plenty of challenges. The Group will further integrate the pharmaceutical businesses to maximise profits from the whole business chain. Meanwhile, the Group will further diversify its business scope, exploring new business opportunities and strengthen corporate governance measures to increase the Group's overall profitability.

The Group believes the Newly Acquired Projects will enhance the Group's capacity in pharmaceutical research and development, and will enrich the Group's channels and personnel in the downstream sales chain of pharmaceutical business. In the future, the Group will continue to actively look for potential opportunities to acquire quality pharmaceutical plants in the PRC, so as to complete the entire business chain and to cover pharmaceutical research and development, production and sales. The integrated business chain will help the Group to raise profitability in the long term.

The Group will continue to focus on the business model of "asset minimization, and focus on operation and full services". The Group will strengthen its cost control and internal control systems and management with a view to enhance its management of working capital.

The Group's business model has been consolidated during the 2013 Period. The Group will continue to expand its product portfolio by introducing new quality products. The Group will also expand the sales and marketing team when appropriate. The Group therefore is optimistic about the future of its business prospects. In future, the Group will continue to look for acquisition projects and opportunities. We are confident of achieving stable and sustainable development, which will benefit our shareholders with satisfactory returns.

APPRECIATION

I would like to take this opportunity to express our gratitude to the members of the board of Directors, management team and all staff members for their dedication and contribution to the Group in the 2013 Period. I would also like to express our sincere gratitude and appreciation to our shareholders and business partners for their enduring support and confidence in the Group.

Cheung Hung
Chairman

Hong Kong, 20 March 2014

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the 2013 Period, the economy in the PRC was still under pressure. The domestic consumer business was going through difficulties as a result of cost pressure in terms of labour and raw materials. Unsatisfactory financial assets investments also caused the Group to suffer net losses during the 2013 Period.

On 26 June 2013, the Company changed its financial year end date from 30 September to 31 December in order to conform to the financial year end date of its principal operating subsidiaries. The current financial statements cover a period of fifteen months from 1 October 2012 to 31 December 2013 and the comparative financial statements covered a period of twelve months from 1 October 2011 to 30 September 2012. The comparative figures are therefore not entirely comparable.

Revenue

During the 2013 Period, the continuing operations of the Group achieved a turnover of approximately HK$106,625,000 (twelve months ended 30 September 2012: HK$61,267,000), mainly attributable to the consumer cosmetics products business, which recorded sales of approximately HK$59,008,000 (twelve months ended 30 September 2012: HK$39,640,000). The Group recorded an increase in turnover by approximately 74.03% for the 2013 Period as compared with the turnover of the twelve months ended 30 September 2012. The newly acquired business of the Kingston Group, the Icy Snow Group and the Jet Rich Group generated the revenue of approximately HK$19,899,000 during the 2013 Period.

The disposal of synthetic rubber trading business during the 2013 Period has been restated and reclassified to the discontinued operation as the Group has disposed of Sinogate Energy Limited and its subsidiaries. The turnover of approximately HK$120,437,000 (twelve months ended 30 September 2012: HK$33,385,000) generated by disposal of synthetic rubber's trading business was included in the gain from the discontinued operation, net of tax in the consolidated statement of comprehensive income for the twelve months ended 30 September 2012, as comparative figure.

Gross profit and gross profit margin

The Group's gross profit from the continuing operations was approximately HK$44,842,000, representing an increase of approximately 16.69% for the 2013 Period as compared with the gross profit for the twelve months ended 30 September 2012.

The gross profit margin for the 2013 Period was 42.06%, representing a decrease by 20.66% when compared with 62.72% for the twelve months ended 30 September 2012. The newly acquired businesses during the 2013 Period generated gross profit margin of 46.26%. Drug prices are lower when compared with that in the twelve months ended 30 September 2012 due to the fact that competition in the pharmaceutical market in the PRC has become more intense. As the gross profit margin of those products from the newly acquired businesses is lower than that of the other products of the Group, the Group experienced a drop in its gross profit margin in the 2013 Period. The increase in labour and raw materials costs also attribute to the performance of the Group.

Administrative expenses

Administrative expenses for the 2013 Period amounted to approximately HK$38,533,000, representing an increase of approximately HK$14,176,000, or approximately 58.20% as compared with that of approximately HK$24,357,000 for the twelve months ended 30 September 2012. Although the Group has adopted the cost saving strategies, the increase in administrative expense was mainly due to the recognition of share-based payment for issuing of share options of approximately HK$1,962,000, an increase in legal and other professional fees of approximately HK$2.6 million for (i) the acquisition of subsidiaries and the disposal of subsidiaries and (ii) the Group's change of domicile and capital reorganisation took place during the 2013 Period. The newly acquired subsidiaries recorded approximately HK$7,796,000 as administrative expenses since the date of acquisitions.

Selling and distribution expenses

Selling and distribution expenses of the continuing operations for the 2013 Period were approximately HK$35,773,000, representing an increase of approximately HK$11,969,000 or 50.28% compared with the selling and distribution expenses recorded for the twelve months ended 30 September 2012. The newly acquired business attributed of approximately HK$4,425,000 to the selling and distribution expenses during the 2013 Period.

Discontinued operation

During the 2013 Period, the Group has disposed a synthetic rubber trading business on 21 May 2013. The total amount of the net profit from the discontinued operation net of tax and the gain on the disposal of subsidiaries has been recorded in the discontinued operation.

Loss for the 2013 Period

Loss for the 2013 Period was approximately HK$47,281,000, when compared with the loss of approximately HK$22,778,000 for the twelve months ended 30 September 2012. The performance of the Group's result for the 2013 Period was mainly attributable to (i) the loss on the financial asset at fair value through profit or loss of approximately HK$24 million; (ii) the increasing pressure on the cost of sales, including labour costs and raw materials costs; (iii) decrease in the selling price for certain products due to fierce competition in the PRC, which has resulted in decrease in the gross profit margin; and (iv) impairment loss on the goodwill and intangible assets of the newly acquired businesses in the 2013 Period.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2013, the Group held cash and cash equivalents (included pledged cash deposits) of approximately HK$33,466,000 (30 September 2012: approximately HK$38,277,000) and the Group had bank and other borrowings of approximately HK$50,096,000 which were all repayable within one year (30 September 2012: approximately HK$12,228,000). Net current asset amounted to approximately HK$52,036,000 (30 September 2012: approximately HK$88,108,000). Current ratio (defined as total current assets divided by total current liabilities) was 1.36 (30 September 2012: 2.05).

Gearing ratio (defined as total borrowings divided by equity attributable to owners of the Company) of the Group as at 31 December 2013 and 30 September 2012 were approximately 39.08% and 11.48% respectively.

MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES

Details of the acquisition of subsidiaries and the disposal of subsidiaries for the 2013 Period are set out in note 28 and note 29 to the consolidated financial statements respectively.

CAPITAL STRUCTURE

The capital structure of the Group consists of debt (which includes bank and other borrowings), cash and cash equivalents and equity attributable to equity holders of the Company comprising issued share capital and reserves. As at 31 December 2013, the total issued share capital of the Company was HK$3,144,160 divided into 314,416,000 ordinary shares of HK$0.01 each. The Company has undergone a capital reorganisation during the 2013 Period, whereby (i) the Company had cancelled its share premium account, (ii) the Company had consolidated 5 shares of HK$0.10 each into one consolidated share of HK$0.50 and then reduced the issued share capital of the Company through cancellation of HK$0.49 each on each consolidated share in issue so that shares of the Company would be comprising shares of HK$0.01 each. For details, please refer to the Company's announcement dated 5 July 2013 and the Company's circular dated 26 July 2013.

FOREIGN EXCHANGE EXPOSURE

The Group has limited exposure to foreign exchange rate as the exchange rate is relatively stable throughout the 2013 Period. The interest rate of the bank borrowings or other financial entities is at fixed interest rate.

OPERATING LEASE COMMITMENTS

Details of operating lease commitments are stated in note 37 to the consolidated financial statements.

CAPITAL COMMITMENTS

Details of capital commitments are stated in note 38 to the consolidated financial statements.

CONTINGENT LIABILITIES

Details of contingent liabilities are stated in note 45 to the consolidated financial statements.

PLEDGE OF ASSETS

As at 31 December 2013, the Group has pledged the assets amounted to approximately HK$60,254,000 (30 September 2012: HK$77,722,000) to secure financing facilities. Details of the pledge of assets are set out in note 39 to the consolidated financial statements.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2013, the Group, directly and indirectly, had approximately 696 employees (30 September 2012: 626) which are mainly located in the PRC. Total staff costs for the 2013 Period was approximately HK$25 million (twelve months ended 30 September 2012: approximately HK$9 million). The increase in staff costs was due to the significant increase in labour usages and the grant of share options of the Company to staff and Directors during the 2013 Period.

The Group remunerates its employee 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 share option scheme.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events after the reporting period are set out in note 46 to the consolidated financial statements.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Cheung Hung ("Mr. Cheung"), aged 45, has been the chairman of the Company and an executive Director since 7 April 2010 and 19 January 2010 respectively. Mr. Cheung holds a Master of Business Administration degree of an Executive MBA Programme and a bachelor's degree in Business Administration from The Chinese University of Hong Kong. He has over 20 years of experience in securities industries.

Mr. Leung Pak Hon Anson ("Mr. Anson Leung"), aged 47, has been an executive Director since 15 May 2013. Mr. Anson Leung has been the compliance officer of the Company since 30 May 2013. Mr. Anson Leung graduated from the University of Newcastle, Australia with his Bachelor of Commerce in April 1994. Mr. Anson Leung also holds his Master of Business Administration from the University of Western Ontario, Canada in September 2001.

Mr. Anson Leung has experiences in dealing in securities, fund management, corporate management and corporate finance. He was employed by Jardine Fleming Holdings Limited and ABN AMRO Asset Management (Asia) Ltd. from February 1994 to April 1998 and from 1998 to August 2000 respectively. He was also employed by CITIC Capital Markets Holdings Limited as a manager from September 2000 to June 2002. Mr. Anson Leung has about 10 years of experience in the management and operation of manufacture and sales of medications in the pharmaceutical industry. Mr. Anson Leung is responsible for the overall corporate strategies and business development of the Group. He is also a director of a number of subsidiaries of the Company.

Ms. Chen Miaoping ("Ms. Chen"), aged 35 has been an executive Director and the chief executive officer of the Company ("CEO") since 30 May 2013 and 16 August 2013 respectively. Ms. Chen graduated from China Pharmaceutical University (中國藥科大學) with her Bachelor of Science in pharmacy. Ms. Chen has held various senior positions in various pharmaceutical companies. She is mainly responsible for the strategic planning and daily operations of the pharmaceutical manufacturing and retailing division in the PRC. Ms. Chen has extensive experience in the pharmaceutical industry in the PRC. Ms. Chen is also a Director of a number of subsidiaries of the Company.

Independent Non-executive Directors

Mr. Kwok Shun Tim ("Mr. Kwok"), aged 39 has been an independent non-executive Director since 8 February 2013. Mr. Kwok graduated from the Hong Kong University of Science and Technology with a bachelor degree of business administration in Accounting in 1999. He also obtained a master of science in China Business Studies from the Hong Kong Polytechnic University and a master of laws in International Economic Law from the City University of Hong Kong in 2004 and 2008 respectively. Mr. Kwok is an associate of Hong Kong Institute of Certified Public Accountants and a fellow member of Association of Chartered Certified Accountants. Mr. Kwok is currently a member of Guangdong province Zhaoqing City Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議廣東省肇慶市委員會) and a director of Yan Oi Tong.

Mr. Kwok is currently an executive director of Convoy Financial Services Holdings Limited (Stock Code: 1019) and China Leason CBM & Shale Gas Group Company Limited (Stock Code: 8270), of which he was a non-executive director from May 2006 to December 2010). He was an executive director of Computech Holdings Limited (Stock Code: 8081) from January 2013 to January 2014. He was also an independent non-executive director of Hong Kong Education (Int'l) Investments Limited (formerly known as Modern Education Group Limited) (Stock Code: 1082) from August 2012 to February 2014. Mr. Kwok is currently acted as company secretary of Tianjin Jinran Public Utilities Company Limited (formerly known as Tianjin Tianlian Public Utilities Company Limited) (Stock Code: 1265).

Mr. Yeung Chi Tit ("Mr. Yeung"), aged 58, 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 a director and is currently a vice-chairman 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.

Mr. Yeung is currently a member of the 12th National Committee of the Chinese People's Political Consultative Conference of Guizhou province (中國人民政治協商會議貴州省委員會) and a member of the 9th National Committee of the Chinese People's Political Consultative Conference of Puning City of Guangdong province (中國人民政治協商會議廣東省普寧市委員會).

Mr. Leung Ka Fai ("Mr. Leung KF"), aged 35, was appointed as an independent non-executive director on 26 June 2013. Mr. Leung KF graduated from Upper Iowa University in December 2005. Mr. Leung KF holds a Master of Arts degree in Chinese Language and Literature from The Hong Kong Polytechnic University in October 2008 and a Postgraduate Diploma in Education (Teaching in Chinese) from Hong Kong Baptist University in November 2012. He was employed by a law firm in Hong Kong as the community service manager. He also worked in Beta Field Capital Limited as a business director from December 2011 to February 2012 and he has worked as the China Business director in Beta Field Capital Limited since April 2013.

Mr. Leung KF has been a district council member of Sha Tin District Council since 2008. Mr. Leung KF has also been a committee member of Yunfu City of the Chinese People's Political Consultative Conference (中國人民政治協商會議雲浮市委員會) in the People's Republic of China since January 2013. Mr. Leung KF is currently a member of Sha Tin District of Fight Crime Committee (沙田區撲滅罪行委員會), a vice-chairman of Sha Tin East District in New Territories East Region of District Scout Council of Scout Association of Hong Kong (香港童軍總會新界東地域沙田東區區務委員會), and a deputy director of Youth Affair Committee of New Territories General Chamber of Commerce (新界總商會青年事務委員會). Mr. Leung KF has been a director of Hong Kong Association For The Development of Western China Limited (香港中國西部研究與發展促進會有限公司) since 2011. Mr. Leung KF was a sports ambassador (活力專員) of Sha Tin District Council from 2011 to 2012 and a convenor of Sha Tin District of Promoting Civic Awareness and Youth Affair Working Group (沙田區公民意識推廣及青少年工作小組) from 2008 to 2012.

SENIOR MANAGEMENT

Mr. Lei Kin Keong ("**Mr. Lei**"), aged 37, was appointed as the company secretary and the financial controller of the Company on 30 May 2013. Mr. Lei holds his Bachelor of Arts in Accountancy from the Hong Kong Polytechnic University. He is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and associate member of The Hong Kong Institute of Chartered Secretaries. Mr. Lei has extensive experience in finance, accounting and company secretarial fields. Mr. Lei is also a director of a number of subsidiaries of the Company.

CORPORATE GOVERNANCE REPORT

Pursuant to the Rule 18.44 of the GEM Listing Rules, the Board is pleased to present the corporate governance report for the 2013 Period. This report highlights the key corporate governance practices of the Company.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance to safeguard the interest of its shareholders and enhance its corporate value. The Company's corporate governance practices are based on the principles, code provisions and certain recommended best practices as set out in the Code on Corporate Governance Practices in Appendix 15 to the GEM Listing Rules ("CG Code").

Throughout the 2013 Period, the Company has complied with the code provisions in the CG Code save as disclosed below.

Code Provision A.4.2 of the CG Code specifies that all Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting of the Company after appointment. Mr. Leung Pak Hou Anson, Ms. Chen Miaoping and Mr. Leung Ka Fai will retire by rotation at the forthcoming annual general meeting of the Company and, being eligible, will offer themselves for re-election.

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. 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 during the 2013 Period.

BOARD OF DIRECTORS

As at 31 December 2013, the Board comprises three executive Directors and three independent non-executive Directors ("INED") as follows:

Executive Directors:

Mr. Cheung Hung *(Chairman)*	
Mr. Leung Pak Hou Anson	(appointed on 15 May 2013)
Ms. Chen Miaoping *(CEO)*	(appointed on 30 May 2013)

Independent Non-executive Directors

Mr. Yeung Chi Tit	
Mr. Kwok Shun Tim	(appointed on 8 February 2013)
Mr. Leung Ka Fai	(appointed on 26 June 2013)

The Company is governed by the Board, which is primarily responsible for formulating the overall strategy development of the Group, as well as monitoring the internal control policies and evaluating the financial performance of the Group and seeking and evaluating of any potential material acquisition or investments. The Board sets the overall strategies and directions for the Group with a view to developing its business and enhancing its shareholders' value.

During the 2013 Period, the Board adopted a policy concerning diversity of board members in order to comply with the Code Provision A.5.6 of the CG Code. The nomination committee considered diversity of board members can be achieved through consideration of a number of factors including but not limited to gender, age, cultural and educational background, or professional experience. Among six members of the Board, one executive Director is female and she is not originally native to Hong Kong and now domicile outside of Hong Kong. The ages of our Directors range from 35 to 58 years.

The biographical details of the Directors are set out in the section above headed "Biographical Details of Directors and Senior Management" on pages 10 to 11 of this annual report. Their role and function are published on the websites of the Company and the Stock Exchange. Save as disclosed in this annual report, none of the Directors has any relationship (including financial, business, and family or other material relationship) with each other.

All Board committees of the Company are established with defined written terms of reference.

The respective terms of reference of the audit committee, nomination committee and the remuneration committee have been published on the websites of the Company and the Stock Exchange.

The attendances of the Directors at the general meetings of the Company, meeting of the Board, the audit committee ("**Audit Committee**"), the remuneration committee ("**Remuneration Committee**"), and the nomination committee ("**Nomination Committee**") of the Board during the 2013 Period are set out below:

Name of Director	Note	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	General Meeting
Executive Directors						
Mr. Cheung Hung		35/35	n.a.	n.a.	n.a.	3/3
Mr. Leung Pak Hou Anson	1	23/23	n.a.	2/2	n.a.	1/1
Ms. Chen Miaoping	2	18/20	n.a.	n.a.	n.a.	1/1
Mr. See Ching Chuen	3	12/13	n.a.	n.a.	n.a.	1/2
Mr. Wang Zhixin	4	8/15	n.a.	3/4	n.a.	0/2
Independent Non-executive Directors						
Mr. Yeung Chi Tit		34/35	4/5	6/6	5/5	3/3
Mr. Kwok Shun Tim	5	27/28	3/3	4/4	3/3	1/3
Mr. Leung Ka Fai	6	18/18	2/2	1/1	0/0	0/1
Mr. Chong Cha Hwa	7	4/7	2/2	2/2	2/2	0/0
Mr. Sham Chi Keung, William	8	17/17	3/3	5/5	5/5	0/2

1. Appointed on 15 May 2013
2. Appointed on 30 May 2013
3. Resigned on 15 May 2013
4. Resigned on 30 May 2013
5. Appointed on 8 February 2013
6. Appointed on 26 June 2013
7. Resigned on 28 February 2013
8. Resigned on 26 June 2013

The Directors will receive details of agenda and minutes of committee meetings in advances of and after each Board meeting respectively. The company secretary of the Company ("**Company Secretary**") will distribute relevant documents to the Directors in a timely manner to enable the Directors to make informed decisions on matters to be raised at the Board meeting. All Directors have access to the advice and services of the Company Secretary who is responsible for ensuring the procedures of the Board meetings are complied with, and in consultation with the compliance officer of the Company, advising the Board on compliance matters.

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 of the Board meetings and keeps records of matters discussed and decisions resolved at all Board meetings. The Company Secretary also keeps the minutes of the Board meetings, which are open for inspection at any reasonable time on reasonable notice by any Director.

APPOINTMENT, RE-ELECTION AND REMOVAL

Pursuant to Code Provision A.4.1 of the CG Code stipulates that non-executive Directors should be appointed for a specific term. All existing independent non-executive Directors are appointed for a specific term of not more than 2 years.

According to Company's Bye-Laws, 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Pursuant to Rule 5.05 of the GEM listing rule, the Company has three independent non-executive Directors, one of them has appropriate professional qualification or accounting or related financial related management experience. The Company confirmed that annual confirmations of independence were received from each of the independent non-executive Directors pursuant to Rule 5.09 of the GEM Listing rules and all independent non-executive Directors are considered to be independent.

BOARDS COMMITTEES

As part of the corporate governance practices, the Board has established a the Nomination Committee, the Remuneration Committee and the Audit Committee. The Audit Committee is composed of INEDs whereas the Nomination Committee comprises all three INEDs and one executive Director, Mr. Cheung Hung and the Remuneration Committee comprises all three INEDs and one executive Director, Mr. Leung Pak Hou Anson) with terms of reference in accordance with the principles set out in the CG Code. The compositions of the various committees of the Company on 31 December 2013 were set out below:

AUDIT COMMITTEE

The Audit Committee is currently composed of three independent non-executive Directors, namely, Mr. Kwok Shun Tim, Mr. Yeung Chi Tit and Mr. Leung Ka Fai. Mr. Kwok Shun Tim has been appointed as the chairman of the Audit Committee. The financial results for the 2013 Period have been reviewed by the Audit Committee.

The principal duties of the Audit Committee is to review the Company's consolidated financial statements, annual results, annual report, interim reports and quarterly reports and to advise and comment thereon to the Board. The Audit Committee is also responsible for reviewing and supervising the Group's financial reporting and internal control procedures. In the course of doing so, the Audit Committee has met the Company's management several times and the external auditor of the Company once during the 2013 Period. The Audit Committee established with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. The full terms of reference setting out the Audit Committee's authority and its role and responsibilities are available on the websites the Company (www.longlife.com.hk) and the Stock Exchange.

Nomination Committee

The Nomination Committee is currently composed of three independent non-executive Directors, namely Mr. Yeung Chi Tit, Mr. Kwok Shun Tim and Mr. Leung Ka Fai and one executive Director, Mr. Cheung Hung. Mr. Cheung Hung has been appointed as the chairman of the Nomination Committee.

The principal duties of the Nomination committee include reviewing the structure, size and composition of the Board; identifying individual suitably qualified candidates to become members of the Board and selecting or making recommendations to the Board on selection of individual nominated for directorships; making recommendations to the Board on the appointment or reappointment of directors and succession planning for Directors; and determining the policy for nomination of Directors.

During the 2013 Period, five meetings was held by the Nomination Committee to, among, other thing, review the structure, size and composition of the board, assess the independence of each of the independent non-executive Directors, formulate the board diversity policy and select and recommend candidates for directorship to the Board for approval. The Nomination Committee reviewed the board diversity policy to ensure its effectiveness and considered the Group achieved the policy since its adoption.

The full terms of reference setting out the Nomination Committee's authority and its role and responsibilities are available on the websites of the Company (www.longlife.com.hk) and the Stock Exchange.

Remuneration Committee

The Remuneration Committee is currently composed of three independent non-executive Directors, namely Mr. Yeung Chi Tit, Mr. Kwok Shun Tim, and Mr. Leung Ka Fai and one executive Director, Mr. Leung Pak Hou Anson. Mr. Yeung Chi Tit has been appointed as the chairman of the Remuneration Committee.

The principal duties of the Remuneration Committee include reviewing the remuneration policies of the executive Directors and senior management of the Company, assessing performance of the executive Director and senior management of the Company and to make recommendations to the Board for the remuneration package of the executive Directors. The Remuneration Committee ensures that no executive Director is involved in deciding his own remuneration.

The Remuneration Committee held six meetings during the 2013 Period to review the remuneration policy of the Directors and senior management of the Company, assess the performance of the executive Directors and senior management of the Company and recommend remuneration package to the Board.

The full terms of reference setting out the Remuneration Committee's authority and its role and responsibilities are available on the the websites of Company (www.longlife.com.hk) and the Stock Exchange.

CORPORATE GOVERNANCE REPORT

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to the Code Provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the CEO should be clearly established and set out in writing. The positions of chairman and the CEO were held separately by Mr. Cheung Hung and Mr. Yang Shunfeng respectively. On 16 August 2013, Mr. Yang Shunfeng resigned as the CEO and Ms. Chen Miaoping was appointed as the CEO with effect immediately. This segregation ensures a clear distinction between the chairman's responsibility to manage the Board and the CEO's responsibility, with support by the senior management, to manage the Company's business including the implementation of major strategies and initiatives adopted by the Board. The responsibilities of the Chairman is to ensure the Board works effectively and performs its responsibilities, and all key and appropriate issues are discussed by the Board, draw up and approve the agenda for each board meeting and take into accounts, any matters proposed by the others directors for inclusion in the agenda.

COMPANY SECRETARY

The Company Secretary supports the Board and Board Committees by ensuring good information flow within the Board and that Board policy and procedures are followed. The Company Secretary is a full time employee of the Company and has day-to-day knowledge of the Company's affairs. The Company Secretary is appointed by the Board and reports to the Chairman. The Company Secretary also plays an essential role in the relationship between the Company and its shareholders, and assists the Board in discharging its obligations to shareholders pursuant to the GEM Listing Rules.

On 30 May 2013, Mr. Yu Yun Kong ("Mr. Yu") resigned as the Company Secretary and Mr. Lei Kin Keong ("Mr. Lei") was appointed as the Company Secretary. Mr. Yu and Mr. Lei undertook not less than 15 hours of relevant professional training to update their skills and knowledge during the 2013 Period.

Mr. Lei is also an authorised representative of the Company under Rule 5.23 of the GEM Listing Rules and directors of several subsidiaries of the Company. The biographical detail of Mr. Lei is set out in the section above headed "Biographical Details of Directors and Senior Management" on page 11 of this annual report.

DIRECTORS' CONTINUING PROFESSIONAL DEVELOPMENT

Under the Code Provision A.6.5 of the CG Code, all directors should participate in continuous professional development to develop and refresh their knowledge and skills. The Directors are encouraged to participate in continuous professional development. All existing Directors as of the date of this annual report have attended 1.5 hours of training during the 2013 Period. Records of continuous professional development were received from the Directors.

All Directors have read materials and updates relating to the latest development of GEM Listing Rules and other applicable regulatory requirements during the fifteen months ended 31 December 2013.

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his responsibilities under the relevant statues, laws, rules and regulations.

BOARD DIVERSITY

(1) Policy on Board Diversity

a. We embrace diversity by being inclusive.

b. We believe in meritocracy irrespective of gender, age, cultural and educational background or professional experience or geography.

c. We believe that am optimal and balanced board should comprise of individuals with appropriate balance of difference skills, educational and industrial background, experience, independence and knowledge.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board acknowledges their responsibilities of the preparation of the financial statements of the Group and ensures that the financial statements are in accordance with statutory requirements and applicable accounting standards. The Board also ensures the timely publication of the financial statements of the Group.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt about the Company's ability to continue as a going concern.

The statement of external auditor of the Company, Cheng & Cheng Limited, about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 27 to 28 of this annual report.

Internal control

The Board recognises the importance of maintaining an adequate and effective internal control system to safeguard the Group's assets against unauthorised use and disposal, and to protect the interests of shareholders of the Company. The Board assumes the overall responsibility for reviewing the adequacy and integrity of the Group's internal control system.

During the 2013 Period, the Board has discussed and reviewed the internal control system and the relevant proposal made by senior management in order to ensure an adequate and effective system of internal control.

Auditor's remuneration

The auditor provides an objective assessment of the financial information presented by the management, and is considered one of the essential elements to ensure effective corporate governance. For the 2013 Period, the remuneration paid/payable to the auditor, Cheng & Cheng Limited, in respect of audit services amounted to HK$640,000 (twelve months ended 30 September 2012: HK$420,000) and non-audit service assignment amounted to HK$105,000 (twelve months ended 30 September 2012: Nil).

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Company believes that maintaining a high level of transparency is a key to enhancing investor relations. It is committed to a policy of open and timely disclosure of corporate information to its shareholders and investors.

The Company updates its shareholders on its latest business developments and financial performance through its annual, interim and quarterly reports, notices, announcements and circulars. The corporate website of the Company (www.longlife.com.hk) provides a communication platform to the public and the shareholders.

The Company regards the annual general meeting ("AGM") and special general meeting ("SGM") of the Company as a platform to provide an important opportunity for direct communications between the Board and the Company's shareholders ("Shareholders"). Shareholders are encouraged to attend the AGM and other shareholders' meeting. The Company supports the Corporate Governance Code principle to encourage shareholder's participation.

Shareholders may send any enquiries they have by addressing them to the Company Secretary in writing to:

the Company's registered office in Hong Kong at Unit 310, 3/F, Vanta Industrial Centre, 21-33 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong or by email to info@longlife.com.hk.

Pursuant to special resolutions passed at the extraordinary general meeting of the Company on 19 August 2013, the Company was effectively changed the domicile of the Company by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda on 29 August 2013. As a result, a memorandum of continuance and the bye-laws of the Company ("Bye-laws") have been adopted to replace the then memorandum of association and the articles of association of the Company respectively with effect from 29 August 2013. The memorandum of continuance of the Company and the Bye-laws are available on the GEM website (www.hkgem.com) and the website of the Company (www.longlife.com.hk).

SHAREHOLDERS' RIGHTS

A. Procedures for Shareholders to Convene a Special General Meeting

According to the Bye-laws, the Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition. The requisition must be lodged with the Company's principal place of business and registered office in Hong Kong (Unit 310, 3/F Vanta Industrial Centre, 21-33 Tai Lin Pai Road, Kwai Chung, New Territories, and Hong Kong). The SGM shall be held within two (2) months after the deposit of such requisition.

According to the provision of section 74(3) of the Bye-Laws, if within twenty-one (21) days of such deposit, the Board fails to proceed to convene such meeting the requisitionist(s) may convene such meeting, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

B. Procedures for putting enquiries to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the Company Secretary by mail at Unit 310, 3/F Vanta Industrial Centre, 21-33 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong. The Company Secretary is responsible for forwarding communications relating to matters within the Board's direct responsibilities to the Board and communications relating to ordinary business matters, such as suggestions and inquiries, to the Directors.

DIRECTORS' REPORT

The Board submit herewith their annual report and the audited consolidated financial statements of the Group for the fifteen months ended 31 December 2013 ("2013 Period").

PLACE OF INCORPORATION

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (as revised) of the Cayman Island and continued in Bermuda as an exempted company with limited liabilities in accordance with the Company Act 1981 (as amended) of Bermuda. The address of its registered office is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its head office and principal place of business in Hong Kong is Unit 310, 3/F, Vanta Industrial Centre, 21-33 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong.

CHANGE OF DOMICILE, CAPITAL ORGANISATION AND CHANGE IN BOARD LOT SIZE

Pursuant to special resolutions passed at the extraordinary general meeting of the Company on 19 August 2013, the Company was effectively changed the domicile of the Company by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda on 29 August 2013, and to effect a capital reorganization in the following manners: (i) the share consolidation by consolidating every 5 existing issued and unissued shares of HK$0.10 each in the existing shares capital of the Company into 1 consolidated shares of HK$0.50 each; (ii) the change of the board lot size of the consolidated shares for trading on the Stock Exchange to 10,000 consolidated shares upon the share consolidation becoming effective; (iii) the reduction of the share capital of the Company through a cancellation of the paid-up capital of the Company to the extent of HK$0.49 each of the issued consolidated shares so that the par value of each issued consolidated share will be reduced from HK$0.50 to HK$0.01; and (vi) immediately following the capital reduction, each authorized but unissued consolidated share was sub-divided into 50 new shares with a par value of HK$0.01 each.

CHANGE OF FINANCIAL YEAR END DATE

As announced on 26 June 2013, the Company changed its financial year ended date from 30 September to 31 December in order to conform to the financial year end date of its principal operating subsidiaries. The current period financial statements cover a period of fifteen months from 1 October 2012 to 31 December 2013 and the comparative financial statements covered a period of twelve months from 1 October 2011 to 30 September 2012. The comparative figures are therefore not entirely comparable.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of its subsidiaries are set out in note 42 to the consolidated financial statements.

DIRECTORS' REPORT

MAJOR CUSTOMERS AND SUPPLIERS

For the 2013 Period, the percentage of turnover and purchase attributable to the Group's major customers and suppliers are set out below:

Turnover	
– The largest customer	3%
– The total of five largest customers	10%
Purchase	
– The largest supplier	5%
– The total of five largest suppliers	22%

As far as the Directors are aware, neither the Directors nor their associates nor any shareholders (which to the knowledge of Directors own more than 5% of the Company's issued share capital) had any interest in the five largest customers and suppliers of the Group.

RESULTS AND DIVIDEND

The results of the Group for the 2013 Period are set out in the consolidated statement of profit or loss and other comprehensive income on page 29. The state of affairs of the Group and the Company at that date are set out in the consolidated statement of financial position which appear on page 30 and note 41 to the consolidated financial statements of this annual report.

The Board does not recommend the payment of a dividend for the 2013 Period (twelve months ended 30 September 2012: Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group are set out in note 17 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the 2013 Period are set out in note 35 to the consolidated financial statements.

RESERVE

Details of movements in the reserves of the Group during the 2013 Period are set out in the consolidated statement of changes in equity on page 31.

DISTRIBUTABLE RESERVES

For the 2013 Period, the Company's distributable reserve are set out in note 41 to the consolidated financial statements.

CONVERTIBLE NOTES

Details of the convertible notes are set out in note 34 to the consolidated financial statements.

DIRECTORS' REPORT

DIRECTORS

The Directors up to the date of this report were:

Executive Directors:
Mr. Cheung Hung *(Chairman)*
Mr. Leung Pak Hou Anson
Ms. Chen Miaoping *(CEO)*

Independent Non-executive Directors:
Mr. Yeung Chi Tit
Mr. Kwok Shun Tim
Mr. Leung Ka Fai

In accordance with bye-law 84 of the Bye-laws, Mr. Yeung Chi Tit shall retire from office by rotation and being eligible, offered themselves for re-election, at the forthcoming annual general meeting of the Company.

Mr. Leung Pak Hou Anson, Ms. Chen Miaoping and Mr. Leung Ka Fai shall hold office until the forthcoming annual general meeting of the Company and being eligible, has offered himself/herself for re-election at the said forthcoming annual general meeting.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Biographic information of the Directors and senior management of the Group are set out on pages 10 to 11 of this annual report.

DIRECTOR'S SERVICE CONTRACTS

Mr. Cheung Hung has been appointed for a term of 14 months from 1 April 2013; Mr. Leung Pak Hou Anson, Ms. Chen Miaoping and Mr. Kwok Shun Tim have been appointed for a term of 12 months from 1 June 2013; Mr. Yeung Chi Tit has been appointed for a term of 24 months from 1 June 2013 and Mr. Leung Ka Fai has been appointed for a term of 12 months commencing from 26 June 2013.

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than the statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 16 (a) and note 43 to the consolidated financial statements, no Director had material 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 2013 Period.

COMPETING INTERESTS

During the fifteen months ended 31 December 2013, none of the Directors or the controlling shareholders of the Company or their respective associates (as defined in the GEM Listing Rules) had an interest in any business which competes or may compete, either directly or indirectly, with the business of the Group nor any conflicts of interest which has or may have with the Group.

SHARE OPTION SCHEME

On 26 May 2004, the Company approved and adopted a share option scheme ("Scheme") for the purpose of enabling the Group to grant share options to selected participants as incentives or rewards for their contribution to the Group. The details of the share option scheme of the Company are set out in note 36 to the consolidated financial statements.

EMOLUMENT POLICY

The emolument policy of the Directors and senior management of the Group is set up by the Remuneration Committee on the basis of their merit, qualification and competence. The emoluments of the Directors are decided by the Board on the recommendation of 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 36 to the consolidated financial statements.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and five individuals with highest emoluments are set out in notes 16(a) to 16(b) to the consolidated financial statement, respectively.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2013, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which require notification to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director or chief executive is taken or deemed to have under such provisions of the SFO), or which are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which are required, pursuant to the required standard of dealing by the Directors as referred to in Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions in underlying Shares
Share options granted

Name of Director	Date of grant	Exercisable period	Subscription price per Share	Aggregate long positions in the underlying Shares	Approximately % in Company's issued share capital
Mr. Cheung Hung	9 April 2010	9 April 2010 to 8 April 2020	1.775	1,000,000	0.318%
	31 December 2013	31 December 2013 to 31 December 2014	0.219	2,000,000	0.636%
Mr. Leung Pak Hou Anson	31 December 2013	31 December 2013 to 31 December 2014	0.219	3,000,000	0.954%
Ms. Chen Miaoping	31 December 2013	31 December 2013 to 31 December 2014	0.219	3,000,000	0.954%
Mr. Kwok Shun Tim	31 December 2013	31 December 2013 to 31 December 2014	0.219	300,000	0.095%

Note:

As at 31 December 2013, the total number of the issued share of the Company was 314,416,000 ordinary shares of HK$0.01 each of the Company ("Share").

Save as disclosed above, none of the Directors nor the chief executives of the Company has, as at 31 December 2013, any interest 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 (including interests or short positions which any such Director or chief executive of the Company is taken or deemed to have under such provision of SFO), or which are recorded in the register required to be kept by the Company pursuant to the required standard of dealings by the Directors as referred to in Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2013, the following persons or entities (other than a Director or chief executive of the Company) had an interest or short positions in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO:

Long positions in Shares and underlying Shares

Name	No. of Shares of the Company or held	Approximately percentage
Town Health Corporate Advisory and Investments Limited *(Notes 1 and 2)*	22,080,000	7.02%
Town Health Corporate Management and Investment Limited *(Notes 1 and 2)*	22,080,000	7.02%
Town Health (BVI) Limited *(Notes 1 and 2)*	22,080,000	7.02%
Town Health International Investments Limited *(Notes 1 and 2)*	22,080,000	7.02%
Lo Lai Kuen	20,000,000	6.36%
福安藥業（集團）股份有限公司 *(Note 3, 4 and 5)* (In English for identification purpose only, Fuan Pharmaceutical (Group)., Limited)	15,720,800	5.00%
Wang Tianxiang *(Note 3, 4 and 5)*	15,720,800	5.00%

Notes:

1. Town Health Corporate Advisory and Investments Limited is the beneficial owner of 22,080,000 shares, representing approximately 7.02% of the issued share capital of the Company.

2. Town Health Corporate Advisory and Investments Limited is wholly owned by Town Health Corporate Management and Investment Limited, which in return is wholly owned by Town Health (BVI) Limited. Town Health (BVI) Limited is wholly owned by Town Health International Investments Limited. Town Health Corporate Management and Investment Limited, Town Health (BVI) Limited and Town Health International Investments Limited are deemed to be interested in the Shares held by Town Health Corporate Advisory and Investments Limited.

3. Fuan Pharmaceutical (Group)., Ltd is the beneficial owner of 15,720,800 Shares, representing approximately 5.00% of the issued share capital of the Company.

4. Fuan Pharmaceutical (Group)., Ltd is a company owned as to 46.12% by Wang Tianxiang. Wang Tianxiang is deemed to be interested in the Shares held by Fuan Pharmaceutical (Group)., Ltd.

5. As at 29 January 2014, the Company and Fuan Pharmaceutical (Group) Ltd., entered into a termination agreement to terminate the Subscription Agreement on 29 January 2014. For details, please refer to note 46 to the consolidated financial statement of the Company of this annual report.

Save as disclosed above, no person or entity had any interest or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO as at 31 December 2013.

RIGHT TO ACQUIRE COMPANY'S SECURITIES

Save as disclosed in section "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES" and "SHARE OPTION SCHEME" above, at no time during the 2013 Period 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 share in, or debentures of, the Company or any other body corporate.

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 2013 Period.

RETIREMENT BENEFITS SCHEME

Particulars of the retirement benefits scheme of the Group are set out in note 40 to the consolidated financial statements.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

(a) Disposal of a subsidiary

On 21 May 2013, the Company completed the disposal of its entire equity interest in Sinogate Energy Limited to Joystar (BVI) Auto Inter-Parts Limited, an independent third party, at a consideration of HK$28,000,000 in cash. Please refer to note 29 to the consolidated financial statements of the Company of this annual report.

(b) Acquisition of subsidiaries

(i) On 10 May 2013, the Company completed the acquisition of the entire issued share capital of Icy Snow Limited and its subsidiaries and all the shareholder's loans owing by such companies to the vendor at an aggregate consideration of HK$45,600,000. Please refer to note 28 to the consolidated financial statements of the Company of this annual report.

(ii) On 26 July 2013, the Group also completed the acquisition of the entire issued share capital of Jet Rich Investment Limited and the entire shareholder's loan owing by Jet Rich Investment Limited and its subsidiaries to the vendor at an aggregate consideration of HK$27,000,000. Please refer to note 28 to the consolidated financial statements of the Company of this annual report.

(iii) On 1 November 2013, the Group also completed the acquisition of the entire issued share capital of Kingston Group Holdings Limited at a consideration of HK$3,000,000. Please refer to note 28 to the consolidated financial statements of the Company of this annual report.

Apart from the disposal and acquisition of subsidiaries as disclosed above, the Group had no material acquisition or disposal during the 2013 Period.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the INEDs an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and considers all the INEDs to be independent.

LITIGATION

The Group was not involved in any material litigation for the fifteen months ended 31 December 2013. In April 2012, the ZJFDA issued a notice of hearing to ZS Capsules (an indirectly owned subsidiary of the Company which was classified as an asset held for sale for the twelve months ended 30 September 2012 and disposed on 14 December 2012), accusing that ZS Capsule had committed serious misconduct and revoking its manufacturing and production licence. As according to the Company's PRC legal advice the possibility of the retaining the licence through the hearing was relatively low, no provision of the liabilities to be made for the twelve months ended 30 September 2012.

RELATED PARTY AND CONNECTED TRANSACTIONS

Details of related party and connected transactions of the Group during the 2013 Period are set out in note 43 to the financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this annual report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive right under the Bye-laws and there was no restriction against such rights under the laws of Bermuda.

CHARITABLE DONATIONS

During the 2013 Period, the Group made charitable donations amounting to HK$10,000.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out in the financial summary on page 98 of this annual report. This summary does not form part of the audited consolidated financial statements.

EVENT AFTER THE REPORTING PERIOD

Details of significant events occurring after the reporting period are set out in note 46 to the consolidated financial statements.

AUDITOR

The consolidated financial statements of the Group for the 2013 Period have been audited by Cheng & Cheng Limited. Cheng & Cheng Limited, who will retire and a resolution to re-appoint Cheng & Cheng Limited as auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

ON BEHALF OF THE BOARD

Cheung Hung
Chairman

Hong Kong, 20 March 2014

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 and continued in Bermuda with limited liability)

We have audited the consolidated financial statements of Longlife Group Holdings Limited ("Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 29 to 97, which comprise the consolidated statement of financial position as at 31 December 2013, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the fifteen months ended 31 December 2013, 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 Public 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. This report is made 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 state of affairs of the Company and of the Group as at 31 December 2013 and of the Group's loss and cash flows for the period 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.

Other matter

Included in the consolidated statement of profit or loss and other comprehensive income for the twelve months ended 30 September 2012 was a loss from discontinued operation of HK$7,919,000. This was related to a subsidiary, Zhejiang Xinda Zhongshan Capsules Company Limited ("ZS Capsules"), classified as assets held for sale. ZS Capsules has ceased operations due to the revocation of its manufacturing and production licence by Zhejiang State Food and Drug Administration during 2012. The relevant authorities have also seized control of the related books and records of ZS Capsules. We were unable to obtain sufficient appropriate audit evidence we consider necessary in order to assess the accuracy of the loss from discontinued operation. There were no practical alternative audit procedures that we could perform to satisfy ourselves as to the accuracy of the amount. Any adjustment to the loss from the discontinued operation found to be necessary would affect the Group's loss for the period then ended and related notes and disclosures to the consolidated financial statements.

Cheng & Cheng Limited
Certified Public Accountants
Chan Shek Chi
Practising Certificate Number: P05540

Hong Kong
20 March 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 2013

	Notes	**1.10.2012–31.12.2013 HK$'000**	1.10.2011–30.9.2012 HK$'000 (Restated)
Continuing operations			
Gross proceeds	9	**204,204**	108,397
Turnover	9	**106,625**	61,267
Cost of sales		**(61,783)**	(22,839)
Gross profit		**44,842**	38,428
Other loss	10	**(13,373)**	(2,059)
Administrative expenses		**(38,533)**	(24,357)
Selling and distribution expenses		**(35,773)**	(23,804)
Loss from operation		**(42,837)**	(11,792)
Finance costs	11	**(4,475)**	(2,989)
Share of loss of a joint venture		**(191)**	–
Impairment loss recognised on goodwill		**(20,945)**	–
Impairment loss recognised on intangible asset		**(7,223)**	–
Gain on deconsolidation of a subsidiary	27	**1,041**	–
Loss before tax	12	**(74,630)**	(14,781)
Income tax expenses	13	**(659)**	(86)
Loss from continuing operations		**(75,289)**	(14,867)
Discontinued operations			
Profit/(loss) from discontinued operations, net of tax	12,29	**28,008**	(7,911)
Loss for the period/year		**(47,281)**	(22,778)
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss:			
Release of exchange difference upon deconsolidation of a subsidiary		**(431)**	–
Exchange difference arising on translation of foreign operations		**(1,156)**	10
Total comprehensive loss for the period/year		**(48,868)**	(22,768)
Loss attributable to:			
Equity holders of the Company		**(47,281)**	(20,698)
Non-controlling interests		**–**	(2,080)
		(47,281)	(22,778)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(48,868)**	(20,681)
Non-controlling interests		**–**	(2,087)
		(48,868)	(22,768)
Dividends	14	**–**	–
Loss per share (HK$)	15		
– basic		**(0.178)**	(0.107)
– diluted		**(0.178)**	(0.107)
Loss per share – continuing operations (HK$)	15		
– basic		**(0.284)**	(0.077)
– diluted		**(0.284)**	(0.077)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2013

	Notes	31.12.2013 HK$'000	30.9.2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	17	**17,874**	14,150
Prepaid lease payments	18	**4,606**	4,557
Goodwill	19	**24,439**	–
Intangible assets	20	**447**	–
Investment in a joint venture	21	**28,789**	–
		76,155	18,707
CURRENT ASSETS			
Prepaid lease payments	18	**116**	121
Held for trading securities	22	**49,981**	66,713
Inventories	23	**56,869**	44,273
Trade and bills receivables	24	**24,277**	11,791
Deposits, prepayments and other receivables	25	**33,516**	10,225
Pledged cash deposits	26	**1,374**	–
Cash and cash equivalents	26	**32,092**	38,277
Assets held for sale	29	**–**	818
		198,225	172,218
CURRENT LIABILITIES			
Trade and bills payables	30	**25,764**	8,623
Other payables and accruals	31	**69,901**	63,259
Bank and other borrowings	32	**50,096**	12,228
Tax payable		**428**	–
		146,189	84,110
NET CURRENT ASSETS		**52,036**	88,108
NET ASSETS		**128,191**	106,815
CAPITAL AND RESERVES			
Share capital	35	**3,144**	115,208
Share premium and reserves		**125,047**	(8,711)
Equity attributable to equity holders of the Company		**128,191**	106,497
Non-controlling interests		**–**	318
TOTAL EQUITY		**128,191**	106,815

The consolidated financial statements on pages 29 to 97 were approved and authorised for issue by the Board of Directors on 20 March 2014 and are signed on its behalf by:

Cheung Hung
DIRECTOR

Leung Pak Hou Anson
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 2013

	Attributable to equity shareholders of the Company											
	Share capital	Share premium	Share options reserve	Special reserve	Convertible notes equity reserve	Statutory surplus reserve fund	Statutory enterprises expansion fund	Exchange reserves	Accumulated losses	Sub-total	Non-controlling interests	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000 (Note a)	HK'000$	HK$'000 (Note b)	HK$'000 (Note c)	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 October 2011	96,008	79,168	8,574	22,443	–	15,479	3,098	25,262	(154,708)	95,324	2,405	97,729
Loss for the year	–	–	–	–	–	–	–	–	(20,698)	(20,698)	(2,080)	(22,778)
Other comprehensive income:												
Exchange difference arising on translation of foreign subsidiaries	–	–	–	–	–	–	–	17	–	17	(7)	10
Total comprehensive income/(loss) for the year	–	–	–	–	–	–	–	17	(20,698)	(20,681)	(2,087)	(22,768)
Recognition of equity settled share-based payment expenses	–	–	2,838	–	–	–	–	–	–	2,838	–	2,838
Issue of ordinary shares by placing	19,200	10,560	–	–	–	–	–	–	–	29,760	–	29,760
Less: Share issue expenses on placing	–	(744)	–	–	–	–	–	–	–	(744)	–	(744)
At 30 September 2012 and 1 October 2012	115,208	88,984	11,412	22,443	–	15,479	3,098	25,279	(175,406)	106,497	318	106,815
Loss for the period	–	–	–	–	–	–	–	–	(47,281)	(47,281)	–	(47,281)
Other comprehensive income:												
Release of exchange differences upon deconsolidation of a subsidiary	–	–	–	–	–	–	–	(431)	–	(431)	–	(431)
Exchange difference arising on translation of foreign operations	–	–	–	–	–	–	–	(1,156)	–	(1,156)	–	(1,156)
Total comprehensive loss for the period	–	–	–	–	–	–	–	(1,587)	(47,281)	(48,868)	–	(48,868)
Issuing convertible notes for acquisition of subsidiaries	–	–	–	–	4,710	–	–	–	–	4,710	–	4,710
Share issued on conversion of convertible notes (Note 34)	23,000	–	–	–	(4,710)	–	–	–	–	18,290	–	18,290
Recognition of equity settled share-based payment expenses (Note 36)	–	–	1,962	–	–	–	–	–	–	1,962	–	1,962
Acquisition of subsidiaries (Note 28)	19,000	26,600	–	–	–	–	–	–	–	45,600	–	45,600
Capital reorganisation (Note 35)	(154,064)	(115,584)	–	212,948	–	–	–	–	56,700	–	–	–
Disposal of a subsidiary	–	–	–	–	–	–	–	–	–	–	(318)	(318)
At 31 December 2013	3,144	–	13,374	235,391	–	15,479	3,098	23,692	(165,987)	128,191	–	128,191

Notes:

a. Special reserve of approximately HK$22,443,000 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 on 26 May 2004.

The Company recorded the special reserve of approximately HK$212,948,000 after setting off of the capital reduction and the cancellation of the share premium with the accumulated losses as at the date of the change of domicile and the capital reorganisation of the Company ("Capital Reorganisation") which became effective on 28 August 2013 and 19 September 2013 respectively.

b. Pursuant to the articles of association of certain subsidiaries of the Company in the People's Republic of China ("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 offset previous year's losses, expand the existing operations or convert into additional capital of those PRC subsidiaries.

c. 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 FIFTEEN MONTHS ENDED 31 DECEMBER 2013

	Notes	1.10.2012– 31.12.2013 HK$'000	1.10.2011– 30.9.2012 HK$'000
OPERATING ACTIVITIES			
Loss before tax		**(46,621)**	(22,692)
Adjustments for:			
Impairment loss of obsolete stocks		**1,352**	–
Impairment loss recognised on intangible assets		**7,223**	–
Impairment loss recognised on goodwill		**20,945**	–
Depreciation of property, plant and equipment		**1,965**	2,145
Finance costs		**4,528**	–
Amortisation of prepaid lease payments		**144**	154
Amortisation of intangible assets		**3**	–
Share-based payment expenses		**1,962**	2,838
Share of loss of a joint venture		**191**	–
Interest income		**(747)**	–
Dividend income		**(114)**	–
Gain on disposal of a subsidiary		**(27,391)**	–
Impairment loss of non-current assets held for sales		**–**	7,431
Net gain on disposal of property, plant and equipment		**(128)**	(76)
Fixed asset written off		**651**	–
Gain on disposal of intangible assets		**(3,246)**	–
Gain on deconsolidation of a subsidiary		**(1,041)**	–
Net loss on financial assets at FVTPL		**23,910**	–
Operating cash flows before movements in working capital		**(16,414)**	(10,200)
(Increase)/decrease in inventories		**(6,990)**	1,820
Increase in trade and bills receivables		**(5,278)**	(5,179)
(Increase)/decrease in deposits, prepayments and other receivables		**(30,443)**	15,490
Increase/(decrease) in trade and bills payables		**8,037**	(9,289)
Increase in other payables and accruals		**6,310**	5,970
Net fund used in trading of financial assets at FVTPL		**(7,177)**	(13,400)
Cash used in operations		**(51,955)**	(14,788)
Income taxes paid		**(195)**	(186)
NET CASH USED IN OPERATING ACTIVITIES		**(52,150)**	(14,974)
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(4,614)**	(791)
Purchase of intangible assets		**(75)**	–
Proceeds from disposal of property, plant and equipment		**442**	291
Proceeds from disposal of intangible assets		**3,748**	–
Investment in a joint venture		**(28,980)**	–
Net cash inflow arising from acquisition of subsidiaries	28	**590**	–
Net cash inflow arising from disposal of assets held for sale	29(c)	**500**	–
Net cash inflow arising from disposal of a subsidiary	29(c)	**27,468**	–
Interest received		**747**	–
Dividend received		**114**	–
NET CASH USED IN INVESTING ACTIVITIES		**(60)**	(500)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 2013

	Notes	**1.10.2012– 31.12.2013 HK$'000**	1.10.2011– 30.9.2012 HK$'000
FINANCING ACTIVITIES			
Repayment of bank and other borrowings		**(22,228)**	(12,292)
Interest paid		**(4,528)**	–
Increase in pledged cash deposits		**(1,374)**	–
Repayment to a non-controlling shareholder		**–**	(160)
New bank and other borrowings raised		**75,097**	12,228
Net proceeds from issue of shares		**–**	29,016
NET CASH FROM FINANCING ACTIVITIES		**46,967**	28,792
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(5,243)**	13,318
Reclassified to non-current assets held for sale		**–**	(256)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD/YEAR		**38,277**	25,065
Effect of foreign exchange rate changes		**(942)**	150
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR, represented by bank balances and cash	*26*	**32,092**	38,277

1. General Information

Longlife Group Holdings Limited ("Company", together with its subsidiaries, the "Group") was incorporated and registered as an exempted company in the Cayman Islands under the Company Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 5 June 2003. On 29 August 2013, the Company deregistered in the Cayman Islands and duly continued in Bermuda as an exempted company under the laws of Bermuda. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The head office and the principal place of business of the Company in Hong Kong is located at Unit 310, 3/F, Vanta Industrial Centre, 21-33 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong.

The shares of the Company ("Shares") are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited ("Stock Exchange") since 17 June 2004.

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

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are (i) manufacture, research and development, sale and distribution of consumer cosmetics, health related and pharmaceutical products, health supplement wine, dental materials and equipment in the PRC and Hong Kong and (ii) trading of securities in Hong Kong.

The Company announced on 26 June 2013 that the financial year end date of the Company changed from 30 September to 31 December commencing from the financial year 2013. Accordingly, the financial statements for the current period cover a period of fifteen months from 1 October 2012 to 31 December 2013. The corresponding comparative amounts shown for the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and related notes cover a period of twelve months from 1 October 2011 to 30 September 2012 and therefore may not be comparable with the amounts shown for the fifteen months ended 31 December 2013.

Such changes was due to a number of the subsidiaries of the Company incorporated in the PRC are statutorily required to have their financial year ended on 31 December, the change of financial year end date of the Company is to conform all the year end dates of companies within the Group and facilitate the Company to prepare its financial statements for the preparation of consolidated accounts.

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 ("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 ("GEM Listing Rules").

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.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2013. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period/year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

2. Summary of Significant Accounting Policies – *Continued*

Basis of Consolidation – *Continued*

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation difference recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

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.

Investments in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its joint venture are accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

2. Summary of Significant Accounting Policies – *Continued*

Investments in joint ventures – *Continued*

The statement of profit or loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the loss as 'Share of profit of a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement*, is measured at fair value with changes in fair value recognised either in either profit or loss or as a change to OCI. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRSs and HKASs. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

2. Summary of Significant Accounting Policies – *Continued*

Business combinations and goodwill – *Continued*

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is dispose of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

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	3-10 years
Motor vehicles	3-5 years
Plant and machinery	3-5 years
Leasehold improvement	5-10 years

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 period in which the item is derecognised.

2. Summary of Significant Accounting Policies – *Continued*

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.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development
- The ability to use the intangible asset generated

2. Summary of Significant Accounting Policies – *Continued*

Intangible assets – *Continued*

Research and development costs – *Continued*

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

Patents and licences

The Group made upfront payments to purchase patents and licences. The patents have been granted for a period of 10 years by the relevant government agency with the option of renewal at the end of this period.

Licences for the use of intellectual property are granted for periods of 10 years depending on the specific licences. The licences may be renewed at little or no cost to the Group. As a result, those licences are assessed as having an indefinite useful life.

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.

2. Summary of Significant Accounting Policies – *Continued*

Financial instruments – *Continued*

Financial assets – *Continued*

Financial assets at FVTPL – *Continued*

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

– 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, advance from independent third parties and amount due to an ex-director are subsequently measured at amortised cost, using the effective interest method.

2. Summary of Significant Accounting Policies – *Continued*

Financial instruments – *Continued*

Financial liabilities and equity – *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.

Non-current assets held for sale and discontinued operations

(i) Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

2. Summary of Significant Accounting Policies – *Continued*

Non-current assets held for sale and discontinued operations – *Continued*

(i) Non-current assets held for sale – *Continued*

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group and the company are deferred tax assets, assets arising from employee benefits and financial assets (other than investments in subsidiaries, associates and joint ventures). These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 2.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

(ii) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale (see (i) above) if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the statement of profit or loss, which comprises:

– the post-tax profit or loss of the discontinued operation; and

– the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

2. Summary of Significant Accounting Policies – *Continued*

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.

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.

Sales of financial assets at FVTPL are recognised on a trade date basis.

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.

Rental income received under operating leases is recognised as other operating income in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised in the income statement as an integral part of the aggregate net lease payments receivable. Contingent rentals receivable are recognised as income in the accounting period in which they are earned.

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 period/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.

2. Summary of Significant Accounting Policies – *Continued*

Taxation – *Continued*

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.

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 period/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 period/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.

2. Summary of Significant Accounting Policies – *Continued*

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.

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.

The Group as lessor

Where the Group leases out assets under operating leases, the leased assets are included in the statement of financial position according to their nature and, where applicable, are depreciated in accordance with the Group's depreciation policies.

2. Summary of Significant Accounting Policies – *Continued*

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.

Equity-settled share-based payment transactions

Share options granted to employees and consultants 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.

Convertible notes

Convertible notes issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of any entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Convertible notes issued by the Company that contain liability, conversion option and redemption option components are classified separately into liability component, equity component and derivative component consisting of the redemption option of the Company respectively. A derivative embedded in a non-derivative host contract is treated as a separate derivative when its risks and characteristics are not closely related to those of the host contract. On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible notes. The derivative component is carried at fair value on the statement of financial position with any changes in fair value being charged or credited to profit or loss in the period in which the change occurs. The difference between the proceeds of the issue of the convertible notes and the fair values of the liability component and derivative component related to the redemption option of the Company is included in equity.

2. Summary of Significant Accounting Policies – *Continued*

Convertible notes – *Continued*

Subsequent to initial recognition, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The difference between the interest so calculated and the interest paid is added to the carrying amount of the liability component. The derivative is remeasured to fair value through profit or loss at subsequent reporting dates. The equity component, represented by the option to convert the liability component into ordinary shares of the Company, remains in convertible notes reserve until the embedded option is exercised (at which time the convertible notes equity component will be transferred to share capital and share premium). Where the option remains unexercised at the expiry date, the balance remaining in convertible notes reserve is released to retained profits/accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of convertible notes are allocated to the liability and equity components in proportion to the allocation of gross proceeds. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method. The portion relating to the embedded derivative is charged directly to profit to loss. Transaction costs relating to the equity component are charged directly to convertible notes reserve.

If the convertible notes are redeemed by the Company before maturity, the Company will allocate the consideration paid and any transaction costs for the repurchase or redemption to the liability and equity components of the instrument at the date of the transaction. The method used in allocating the consideration paid and transaction costs to the separate components is consistent with that used in the original allocation to the separate components of the proceeds received by the Company when the convertible instrument was issued. Once the consideration is allocated, any resulting gain or loss relating to the liability component is recognised in profit or loss and the amount of consideration relating to the equity component is recognised in equity.

Related parties

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

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group 's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

2. Summary of Significant Accounting Policies – *Continued*
Related parties – *Continued*

(b) An entity is related to the Group if any of the following conditions applies: – *Continued*

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. Going Concern Convention
In preparing the consolidated financial statements, the Directors of the Company ("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$47,281,000 for the fifteen months ended 31 December 2013 ("2013 Period") (twelve months ended 30 September 2012: HK$22,778,000).

In order to improve the situation, the Directors have adopted the following measures with a view to improve the Group's overall financial and cash flow position during the fifteen months ended 31 December 2013.

(a) the Group continues to implement measures to enhance cost controls in various operating expenses and to improve the Group's operating results and positive cash flow operation; and

(b) the Group settled the consideration of the acquisition of several subsidiaries by issuing convertible notes to the vendors or by issuing new shares as part of the consideration in order to minimise the cash shortfall during the fifteen months ended 31 December 2013.

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. As at 31 December 2013, the net current asset of the Group is approximately HK$52 million. The Group allotted and issued 245,000,000 new shares of HK$0.01 each of the Company (each, a "Placing Share") by way of placing ("Placing") to independent third parties at placing price of HK$0.204 per Placing Share and the completion of the Placing took place on 25 February 2014. Details of the Placing are disclosed in the announcements of the Company dated 17 December 2013, 29 January 2014 and 25 February 2014 and the circular of the Company dated 10 January 2014.

Accordingly, the Directors considered that it is appropriate to prepare the consolidated financial statements on a going concern basis.

4. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current period, the Group has applied, for the first time, the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are mandatorily effective for the current period:

Amendments to HKFRSs	Annual improvements to HKFRSs 2009-2011 cycle
Amendments to HKFRS 7	Disclosures- offsetting financial assets and financial liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: transition guidance
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HKAS 19 (as revised in 2011)	Employee benefits
HKAS 27 (as revised in 2011)	Separate financial statements
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures
Amendments to HKAS 1	Presentation of items of other comprehensive income
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets
HK (IFRIC)-Int 20	Stripping costs in the production phase of a surface mine

The application of the new and revised HKFRSs in the current period has had no material effect on the amounts reported in these consolidated financial statements and/or on the disclosures set out in these consolidated financial statements.

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

Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 cycle [4]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 cycle [2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures [3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities [1]
HKFRS 9	Financial instruments [3]
HKFRS 14	Regulatory deferred accounts [5]
Amendments to HKAS 19	Defined benefit plans: employee contributions [2]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities [1]
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets [1]
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting [1]
HK (IFRIC)-Int 21	Levies [1]

1 Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.
3 Available for application - the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.
4 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.
5 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

The Directors anticipate that the application of these new and revised HKFRSs will have no material impact on the Group's financial performance and positions and/or on the disclosures set out in these 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 31 December 2013, the carrying amount of trade and bills receivables are approximately HK$24,277,000 (30 September 2012: HK$11,791,000), net of allowance for doubtful debts of approximately HK$14,432,000 (30 September 2012: HK$18,367,000). While the carrying amount of deposits, prepayments and other receivables are approximately HK$33,516,000 (30 September 2012: HK$10,225,000), net of allowance for doubtful debts of approximately HK$800,000 (30 September 2012: HK$800,000).

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its property. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

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 its 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 bank and other borrowings as detailed in note 32), 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 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, deposits and other receivables, cash and cash equivalents, trade and bills payables, other payables and accruals, bank and other borrowings, advance from independent third parties and amount due to an ex-director. 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 of the Group 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 31 December 2013 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 31 December 2013, the Group has certain concentration of credit risk as 45% (30 September 2012: 76%) 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 32. 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 period/year, details of which are set out in note 3.

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient amount of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

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

The Group's remaining contractual maturity for its financial liabilities are set out in the following table. 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 31 December 2013					
Financial liabilities					
Trade and bills payables	**25,764**	**–**	**–**	**25,764**	**25,764**
Other payables and accruals	**69,901**	**–**	**–**	**69,901**	**69,901**
Bank and other borrowings	**50,096**	**–**	**–**	**50,096**	**50,096**
Tax payable	**428**	**–**	**–**	**428**	**428**
	146,189	**–**	**–**	**146,189**	**146,189**

	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 2012					
Financial liabilities					
Trade and bills payables	8,623	–	–	8,623	8,623
Other payables and accruals	63,259	–	–	63,259	63,259
Bank and other borrowings	12,228	–	–	12,228	12,228
	84,110	–	–	84,110	84,110

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

	31.12.2013 **HK$'000**	30.9.2012 HK$'000
Financial assets		
Financial assets at FVTPL	**49,981**	66,713
Loans and receivables (including cash and cash equivalents)		
Trade and bills receivables	**24,277**	11,791
Deposits and other receivables	**24,240**	8,560
Pledged cash deposits	**1,374**	–
Cash and cash equivalents	**32,092**	38,277
	131,964	125,341
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade and bills payables	**25,764**	8,623
Other payables and accruals	**69,901**	63,259
Bank and other borrowings	**50,096**	12,228
Tax payable	**428**	–
	146,189	84,110

7. Financial Instruments – *Continued*

d. Other price risk

The Group's held for trading securities 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 held for trading securities, 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% (30 September 2012: 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
31 December 2013			
Investments listed in Hong Kong			
– Held for trading securities	**49,981**	**2,499**	**2,499**
30 September 2012			
Investments listed in Hong Kong			
– Held for trading securities	66,713	3,336	3,336

8. Segment Information

The Group is principally engaged in (i) the manufacture, research and development, sale and distribution of consumer cosmetics, health related and pharmaceutical products, health supplement wine, dental materials, equipment in the PRC and Hong Kong and (ii) trading of securities in Hong Kong. Trading of synthetic rubber business was regarded as discontinued operation.

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

Consolidated statement of profit or loss

For the fifteen months ended 31 December 2013

	Manufacturing and sales of consumer cosmetics HK$'000	Manufacturing and sales of health related and pharmaceutical products HK$'000	Trading of financial asset at fair value through profit or loss HK$'000	Investment in a joint venture HK$'000	Others HK$'000	Continuing operations HK$'000	Discontinued operations HK$'000	Total HK$'000
Gross proceeds – Segment turnover (Note)	59,008	39,766	97,579	–	7,851	204,204	120,437	324,641
Segment results	(1,887)	(7,042)	(25,285)	(191)	897	(33,508)	765	(32,743)
Other income						11,187	24	11,211
Impairment loss recognised on goodwill						(20,945)	–	(20,945)
Impairment loss recognised on intangible asset						(7,223)	–	(7,223)
Gain on deconsolidation of a subsidiary						1,041	–	1,041
Gain on disposal of discontinued operation						–	27,391	27,391
Unallocated corporate expenses						(20,707)	–	(20,707)
Finance costs						(4,475)	(53)	(4,528)
(Loss)/profit loss before tax						(74,630)	28,127	(46,503)
Income tax expenses						(659)	(119)	(778)
(Loss)/profit for the period						(75,289)	28,008	(47,281)

For the twelve months ended 30 September 2012 (Restated)

	Manufacturing and sales of consumer cosmetics HK$'000	Manufacturing and sales of health related and pharmaceutical products HK$'000	Trading of financial asset at fair value through profit or loss HK$'000	Investment in a joint venture HK$'000	Others HK$'000	Continuing operations HK$'000	Discontinued operations HK$'000	Total HK$'000
Gross proceeds – Segment turnover (Note)	39,640	17,113	47,130	–	4,514	108,397	42,140	150,537
Segment results	3,387	(2,920)	(4,132)	–	41	(3,624)	(789)	(4,413)
Unallocated other gain						2,038	1,115	3,153
Unallocated corporate expenses						(10,206)	–	(10,206)
Impairment loss recognised on assets held for sales						–	(7,431)	(7,431)
Finance costs						(2,989)	(806)	(3,795)
Loss before tax						(14,781)	(7,911)	(22,692)
Income tax expenses						(86)	–	(86)
Loss for the year						(14,867)	(7,911)	(22,778)

Note: Reconciliation of total segment turnover to the Group's consolidated turnover:

	1.10.2012 – 31.12.2013 HK$'000	1.10.2011 – 30.9.2012 HK$'000
Gross proceeds	**204,204**	108,397
Less: Gross proceeds from securities trading	**(97,579)**	(47,130)
Consolidated turnover	**106,625**	61,267

8. Segment Information – *Continued*

Consolidated statement of financial position

As at 31 December 2013

	Manufacturing and sales of consumer cosmetics HK$'000	Manufacturing and sales of health related and pharmaceutical products HK$'000	Trading of financial asset at fair value through profit or loss HK$'000	Investment in a joint venture HK$'000	Others HK$'000	Continuing operations HK$'000	Discontinued operations HK$'000	Total HK$'000
Assets								
Segment assets	**57,726**	**51,590**	**50,102**	**28,789**	**23,226**	**211,433**	**–**	**211,433**
Unallocated corporate assets						**62,947**	**–**	**62,947**
Total asset						**274,380**	**–**	**274,380**
Liabilities								
Segment liabilities	**33,408**	**32,069**	**7,840**	**–**	**3,815**	**77,132**	**–**	**77,132**
Unallocated corporate liabilities						**69,057**	**–**	**69,057**
Total liabilities						**146,189**	**–**	**146,189**

As at 30 September 2012 (Restated)

	Manufacturing and sales of consumer cosmetics HK$'000	Manufacturing and sales of health related and pharmaceutical products HK$'000	Trading of financial asset at fair value through profit or loss HK$'000	Investment in a joint venture HK$'000	Others HK$'000	Continuing operations HK$'000	Discontinued operations HK$'000	Total HK$'000
Assets								
Segment assets	43,177	30,277	67,099	–	3,344	143,897	16,286	160,183
Unallocated corporate assets						30,742	–	30,742
Total assets						174,639	16,286	190,925
Liabilities								
Segment liabilities	34,333	17,784	14,515	–	2,139	68,771	461	69,232
Unallocated corporate liabilities						14,878	–	14,878
Total liabilities						83,649	461	84,110

8. Segment Information – *Continued*

Other segment information

For the fifteen months ended 31 December 2013

	Manufacturing and sales of consumer cosmetics HK$'000	Manufacturing and sales of health related and pharmaceutical products HK$'000	Trading of financial asset at fair value through profit or loss HK$'000	Investment in a joint venture HK$'000	Others HK$'000	Continuing operations HK$'000	Discontinued operations HK$'000	Total HK$'000
Share of loss of a joint venture	–	–	–	191	–	191	–	191
Capital expenditures	2,149	1,521	–	–	944	4,614	–	4,614
Amortisation of prepaid lease payments	83	58	–	–	3	144	–	144
Depreciation of property, plant and equipment	870	661	–	–	434	1,965	–	1,965
Fixed asset written off	–	–	–	–	651	651	–	651
Impairment loss of obsolete stocks	782	542	–	–	28	1,352	–	1,352
Net gain on disposal of property, plant and equipment	(74)	(51)	–	–	(3)	(128)	–	(128)
Reversal of impairment losses for trade debts	(2,646)	(1,834)	–	–	(95)	(4,575)	–	(4,575)

For the twelve months ended 30 September 2012 (Restated)

Capital expenditures	431	289	–	–	22	742	49	791
Amortisation of prepaid lease payments	70	47	–	–	4	121	33	154
Depreciation of property, plant and equipment	686	456	–	–	339	1,481	664	2,145
Impairment loss of obsolete stocks	183	123	–	–	10	316	–	316
Gain on disposal of property, plant and equipment	(44)	(30)	–	–	(2)	(76)	–	(76)

8. Segment Information – *Continued*

Geographical information

The Group operates in two principal geographical areas – the PRC and Hong Kong. The segment of trading of financial asset at fair value through profit or loss is carrying in Hong Kong.

The following table provides an analysis of the Group's turnover from external customers by the geographical location of the customers:

(a) Turnover from external customer

	1.10.2012– 31.12.2013 HK$000	1.10.2011– 30.9.2012 HK$000
Continuing operations		
PRC	**98,392**	61,267
Hong Kong	**8,233**	–
	106,625	61,267
Discontinued operations		
PRC	**–**	8,755
Hong Kong	**120,437**	33,385
	120,437	42,140

(b) Non-current asset

	1.10.2012– 31.12.2013 HK$000	1.10.2011– 30.9.2012 HK$000
PRC	**58,365**	17,840
Hong Kong	**17,790**	867
	76,155	18,707

Information about major customers

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

	1.10.2012– 31.12.2013 HK$'000	1.10.2011– 30.9.2012 HK$'000
Customer A (Note)	**17,631**	14,999
Customer B (Note)	**12,662**	11,866

Note: Turnover from manufacturing and sales of consumer cosmetics and health related products.

9. Turnover

The principal activities of the Group are (i) manufacture, research and development, sale and distribution of consumer cosmetics, health related and pharmaceutical products, health supplement wine, dental materials and equipment in PRC and Hong Kong, and (ii) trading of securities in Hong Kong.

Gross proceeds represents the amounts received and receivables from sales of goods less sales tax and discounts, if any, and sales proceeds arising from financial assets at FVTPL during the fifteen months ended 31 December 2013.

	1.10.2012– 31.12.2013 HK$000	1.10.2011– 30.9.2012 HK$000 (Restated)
Continuing Operations		
Manufacturing and sales of consumer cosmetics	**59,008**	39,640
Manufacturing and sales of health related and pharmaceutical products	**39,766**	17,113
Manufacturing and sales of health supplement wine	**1,818**	1,116
Manufacturing and sales of dental materials and equipment	**6,033**	3,398
	106,625	61,267
Gross proceeds from trading securities	**97,579**	47,130
Gross proceeds	**204,204**	108,397
Discontinued operations		
Trading of synthetic rubber	**120,437**	33,385
Manufacturing and sales of capsules products	**–**	8,755
	120,437	42,140

Note: The gross proceeds from sales of trading securities was recorded in the other loss after netting off the relevant cost of trading securities.

10. Other Loss

	1.10.2012– 31.12.2013 HK$'000	1.10.2011– 30.9.2012 HK$'000 (Restated)
Continuing operations		
Net loss on financial asset at FVTPL	(23,910)	(4,105)
Interest income	747	67
Rental income	419	428
Sundry income	5,205	1,468
Dividend income	114	7
Fixed asset written off	(651)	–
Net gain on disposal of property, plant and equipment	128	76
Reversal of impairment losses for trade debts	4,575	–
	(13,373)	(2,059)
Discontinued operations		
Interest income	–	2
Sundry income	24	42
	24	44

Net loss on financial asset at FVTPL consists of net unrealised gain on fair value changes of HK$664,000 (30 September 2012: net unrealised loss on fair value changes of HK$16,311,000) and net realised loss of HK$24,574,000 (30 September 2012: net realised gain of HK$12,206,000).

11. Finance Costs

	1.10.2012– 31.12.2013 HK$'000	1.10.2011– 30.9.2012 HK$'000
Continuing operations		
Interest expenses:		
– bank borrowings wholly repayable within five years	1,596	974
– other borrowings wholly repayable within five years	2,867	2,015
– imputed interest of convertibles notes	12	–
	4,475	2,989
Discontinued operations		
Interest expenses:		
– bank borrowings wholly repayable within five years	53	806

12. Loss Before Tax

	1.10.2012– 31.12.2013 HK$'000	1.10.2011– 30.9.2012 HK$'000 (Restated)
Loss before tax has been arrived at after (crediting)/charging:		
Continuing operations		
Directors' emoluments	**6,152**	2,046
Other staff costs	**16,624**	5,382
Retirement benefits scheme contributions (excluding directors' emoluments)	**2,643**	1,527
Total staff costs	**25,419**	8,955
Allowance for bad and doubtful debts (included in administrative expenses)	**–**	241
Reversal of impairment losses for trade debts	**(4,575)**	–
Amortisation of prepaid lease payments	**144**	121
Amortisation of intangible assets	**3**	–
Auditor's remuneration	**745**	420
Cost of inventories recognised as an expenses	**61,783**	22,839
Depreciation of property, plant and equipment	**1,965**	1,481
Dividend income	**(114)**	(7)
Net gain on disposal of property, plant and equipment	**(128)**	(76)
Impairment loss of obsolete stocks (included in cost of sales)	**1,352**	316
Fixed asset written off	**651**	–
Impairment loss recognised on goodwill	**20,945**	–
Impairment loss recognised on intangible assets	**7,223**	–
Share based payment	**1,962**	–
Gain on deconsolidation of a subsidiary	**(1,041)**	–
Discontinued operations		
Other staff costs	**–**	926
Retirement benefits scheme contributions (excluding directors' emoluments)	**–**	199
Total staff costs	**–**	1,125
Cost of inventories recognised as expenses	**119,659**	40,833
Depreciation of property, plant and equipment	**–**	664
Amortisation of prepaid lease payments	**–**	33

13. Income Tax Expenses

	1.10.2012– 31.12.2013 HK$'000	1.10.2011– 30.9.2012 HK$'000
Continuing operations		
The amount comprises:		
Taxation arising in the PRC		
Current period/year	**96**	86
Taxation arising in the HK		
Current period/year	**563**	–
	659	86
Discontinued operations		
The amount comprises:		
Taxation arising in the HK		
Current period	**119**	–

Hong Kong Profit Tax is calculated at 16.5% (twelve months ended 30 September 2012: 16.5%) of the estimated assessable profit arising in Hong Kong during the fifteen months ended 31 December 2013.

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

The income tax expenses for the period/year can be reconciled to the loss per the consolidated statement of profit or loss as follows:

	1.10.2012– 31.12.2013 HK$'000	1.10.2011– 30.9.2012 HK$'000
Continuing operations		
Loss before tax	**74,630**	14,781
Tax at respective applicable tax rates	**(12,610)**	(2,317)
Tax effect of expenses not deductible for tax purposes	**11,380**	1,607
Tax effect of origination and reversal of temporary difference	**22**	–
Tax effect of income not taxable for tax purposes	**(2,667)**	(1)
Tax effect of tax losses not recognised	**4,309**	797
Tax relief for the period/year	**(10)**	–
Other	**235**	–
Income tax expense for the period/year	**659**	86
Discontinued operations		
Profit/(loss) before tax	**721**	(1,557)
Tax at respective applicable tax rates	**119**	(390)
Tax effect for non-deductible expense	**–**	390
Income tax expense for the period/year	**119**	–

14. Dividends

No dividend was paid or proposed during the fifteen months ended 31 December 2013, nor has any dividend been proposed since the end of the reporting period (twelve months ended 30 September 2012: Nil).

15. 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 fifteen months ended 31 December 2013.

For continuing and discontinued operations

	1.10.2012– 31.12.2013	1.10.2011– 30.9.2012 (Restated)
Loss attributable to the equity holders of the Company (HK$'000)	**(47,281)**	(20,698)
Weighted average number of ordinary shares in issue ('000)	**264,937**	193,780
Basic loss per Share (HK$)	**(0.178)**	(0.107)

For continuing operations

	1.10.2012– 31.12.2013	1.10.2011– 30.9.2012 (Restated)
Loss attributable to the equity holders of the Company (HK$'000)	**(47,281)**	(20,698)
Less: Gain/(loss) attributable to the equity holders of the Company from discontinued operations (HK$'000)	**28,008**	(5,831)
Loss attributable to the equity holders of the Company from continuing operations (HK$'000)	**(75,289)**	(14,867)
Weighted average number of ordinary shares in issue ('000)	**264,937**	193,780
Basic loss per Share (HK$)	**(0.284)**	(0.077)

For discontinued operations

Basic loss per Share for the discontinued operations is HK$0.106 (Basic loss per Share for the discontinued operations of 30 September 2012: HK$0.03) based on the profit attributable to the equity holders of the Company from the discontinued operations of approximately HK$28,008,000 (the loss attributable to the equity holders of the Company from discontinued operations of 30 September 2012: HK$5,831,000).

No diluted loss per Share has been presented for the fifteen months ended 31 December 2013 and for the twelve months ended 30 September 2012 as there was no dilutive potential ordinary Share outstanding during the period/year.

16. Directors' and Employees' Emoluments

(a) Directors' emoluments

Details of emoluments paid by the Group to the Directors during the fifteen months ended 31 December 2013 are as follows:

For the fifteen months ended 31 December 2013

	Fees HK$'000	Salaries and other benefits HK$'000	Share-based payment HK$'000	Retirement benefit scheme contributions HK$'000	Total emoluments HK$'000
Executive Directors					
Mr. Cheung Hung	–	3,650	171	–	3,821
Mr. Leung Pak Hou Anson (appointed on 15 May 2013)	–	673	256	11	940
Ms. Chen Miaoping (appointed on 30 May 2013)	–	262	256	22	540
Mr. Wang Zhixin (resigned on 30 May 2013)	–	248	–	7	255
Mr. See Ching Chuen (resigned on 15 May 2013)	–	112	–	–	112
	–	4,945	683	40	5,668
Independent non-executive Directors					
Mr. Yeung Chi Tit	150	–	–	–	150
Mr. Kwok Shun Tim (appointed on 8 February 2013)	108	–	26	–	134
Mr. Leung Ka Fai (appointed on 26 June 2013)	62	–	–	–	62
Mr. Chong Cha Hwa (resigned on 28 February 2013)	50	–	–	–	50
Mr. Sham Chi Keung, William (resigned on 26 June 2013)	88	–	–	–	88
	458	–	26	–	484
Total	458	4,945	709	40	6,152

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

(a) Directors' emoluments – *Continued*

For the twelve months ended 30 September 2012

	Fees HK$'000	Salaries and other benefits HK$'000	Share-based payment HK$'000	Retirement benefit scheme contributions HK$'000	Total emoluments HK$'000
Executive Directors					
Mr. Cheung Hung	–	600	–	–	600
Mr. Zhang Sanlin (retired on 22 March 2012)	–	61	–	2	63
Mr. Chen Zhongwei (resigned on 31 January 2012)	–	61	–	5	66
Mr. Tian Zhenyong (resigned on 8 June 2012)	–	247	–	–	247
Mr. Wang Zhixin	–	360	–	9	369
Mr. Wong Chun Hung (retired on 22 March 2012)	–	284	–	–	284
Mr. See Ching Chuen (appointed on 8 June 2012)	–	57	–	–	57
	–	1,670	–	16	1,686
Independent non-executive Directors					
Mr. Chong Cha Hwa	120	–	–	–	120
Mr. Sham Chi Keung, William	120	–	–	–	120
Ms. Chan Wai Yan (resigned on 17 November 2011)	15	–	–	–	15
Mr. Yeung Chi Tit (appointed on 17 November 2011)	105	–	–	–	105
	360	–	–	–	360
Total	360	1,670	–	16	2,046

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 fifteen months ended 31 December 2013 and the twelve months ended 30 September 2012.

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

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, three (twelve months ended 30 September 2012: four) were Directors whose emoluments are included in the disclosures in note (a) above. The emoluments of the remaining two (twelve months ended 30 September 2012: one) individual for the fifteen months ended 31 December 2013 were as follows:

	1.10.2012– 31.12.2013 HK$'000	1.10.2011– 30.9.2012 HK$'000
Salaries and other benefit	**723**	294
Share-based payment	**512**	–
Retirement benefit scheme contributions	**23**	9
	1,258	303

	Number of individuals	
	1.10.2012– 31.12.2013	1.10.2011– 30.9.2012
Emoluments bounds		
Nil – HK$1,000,000	**2**	1

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 fifteen months ended 31 December 2013 and the twelve months ended 30 September 2012.

17. Property, Plant and Equipment

	Buildings in PRC carried at cost	Furniture, fixtures and office equipment	Motor vehicles	Plant and machinery	Leasehold improvement	Construction in progress	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COSTS							
At 1 October 2011	31,886	4,349	1,065	14,893	1,121	73	53,387
Exchange realignment	(120)	(11)	(3)	(36)	–	–	(170)
Additions	150	136	169	336	–	–	791
Disposals	–	(1,805)	(174)	–	–	–	(1,979)
Transferred to non-current assets held for sale	(14,102)	(67)	(481)	(8,872)	–	(73)	(23,595)
At 30 September 2012 and At 1 October 2012	17,814	2,602	576	6,321	1,121	–	28,434
Exchange realignment	516	85	15	210	36	–	862
Additions	384	379	136	2,413	1,302	–	4,614
Additions from acquisition of subsidiaries	–	366	946	5	353	–	1,670
Disposals	–	(14)	–	(1,495)	–	–	(1,509)
Written off	–	(326)	–	–	(1,121)	–	(1,447)
At 31 December 2013	18,714	3,092	1,673	7,454	1,691	–	32,624
DEDUCT: ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSS							
At 1 October 2011	10,114	3,648	696	9,719	224	–	24,401
Exchange realignment	(22)	(8)	(2)	(19)	–	–	(51)
Charge for the year	921	106	67	826	225	–	2,145
Eliminated on disposals	–	(1,620)	(144)	–	–	–	(1,764)
Transferred to non-current assets held for sale	(3,997)	(51)	(480)	(5,919)	–	–	(10,447)
At 30 September 2012 and at 1 October 2012	7,016	2,075	137	4,607	449	–	14,284
Exchange realignment	263	66	9	138	15	–	491
Charge for the period	827	164	234	502	238	–	1,965
Eliminated on disposals	–	(11)	–	(1,184)	–	–	(1,195)
Written off	–	(179)	–	–	(616)	–	(795)
At 31 December 2013	8,106	2,115	380	4,063	86	–	14,750
CARRYING VALUES							
At 31 December 2013	10,608	977	1,293	3,391	1,605	–	17,874
At 30 September 2012	10,798	527	439	1,714	672	–	14,150

As at 31 December 2013, certain buildings of the Group in the PRC with aggregate carrying amount of approximately HK$5,430,000 (30 September 2012: HK$5,945,000) have been pledged to secure bank borrowings granted to the Group (note 39).

The management considered that no impairment loss should be recognised in the consolidated statement of profit or loss and other comprehensive income for the fifteen months ended 31 December 2013 (twelve months ended 30 September 2012: Nil).

18. Prepaid Lease Payments

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

	31.12.2013 HK$'000	30.9.2012 HK$'000
Carrying amount at beginning of the reporting period	**4,678**	7,192
Exchange realignment	**188**	(21)
Amortisation	**(144)**	(154)
Transfer to non-current assets held for sale	**–**	(2,339)
Carrying amount at end of the reporting period	**4,722**	4,678
Analysed for reporting purpose as:		
Current assets	**116**	121
Non-current assets	**4,606**	4,557
	4,722	4,678

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

At 31 December 2013, the Group's prepaid lease payments amounting to approximately HK$4,722,000 (30 September 2012: HK$4,678,000) were pledged to secure bank borrowings granted to the Group (note 39).

19. Goodwill

	31.12.2013 HK$'000	30.9.2012 HK$'000
At beginning of the period/year	**–**	–
Acquisition of subsidiaries	**45,384**	–
Impairment	**(20,945)**	–
At end of the period/year	**24,439**	–

All goodwill arose as a result of acquisition of businesses.

19. Goodwill – *Continued*

Impairment tests for cash-generating units containing goodwill

For the purposes of impairment testing, goodwill has been allocated to the following cash generating units ("CGU"). The carrying amount of goodwill as at the end of the reporting period is allocated as follows:

	31.12.2013 HK$'000	30.9.2012 HK$'000
Trading of health related products and consumer cosmetic businesses (Note a)	**24,439**	–
Research and development business (Note b)	**–**	–
	24,439	–

The recoverable amount of the CGU is determined based on the value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by the management of the Company covering a five-year period. Cash flows beyond the five-year period are assumed to remain constant.

The estimate growth rates used are comparable to the growth rate for the industry.

Key assumptions for trading of health related products and consumer cosmetic businesses used for value-in-use calculations:

	31.12.2013	30.9.2012
Growth rate	**6.33%-15.71%**	–
Discount rate	**9.01%-15.90%**	–

Key assumptions for research and development business used for value-in-use calculations:

	31.12.2013	30.9.2012
Growth rate	**3.01%**	–
Discount rate	**13.84%**	–

19. Goodwill – *Continued*

(a) Trading and wholesales of pharmaceutical products business – Acquisition of Icy Snow Limited and its subsidiaries ("Icy Snow Group")

Key assumptions used in the calculation of value in use were discount rate, growth rate and budgeted cash flow forecast. The discount rate of 15.90% was an after-tax measure based on ten-year China Sovereign Bond yield of 4.78% as at 31 December 2013, adjusted for a risk premium of 3.00% to reflect specific risks related to the cash-generating units. The average growth rate used was 15.71%. Cash Flow, beyond the five-year was projected by using a steady growth rate of 3.00%. The budget cash flow forecast was prepared based on the key assumptions that (1) the operation of the Icy Snow Group which would achieve the projected sales was mainly attributable to (a) sales of pharmaceutical drugs from existing suppliers; (b) increasing promotion of medical device; and (c) diversification of products by engaging with new suppliers in Hong Kong and in the PRC; and (2) the Icy Snow Group will successfully purchase products from existing and new suppliers and be able to attract customers to order the new products of the Group.

Based on the valuation report by RHL Appraisal Ltd, an impairment loss of approximately HK$20,342,000 was recognized during the fifteen months ended 31 December 2013. The impairment loss was mainly due to the following changes took place during the six months ended 31 December 2013: (i) one of the key suppliers ceased to supply pharmaceutical drugs to the Icy Snow Group from September 2013 due to change in shareholders of the suppliers; (ii) there was a decrease in the selling price of four major pharmaceutical products of the Icy Snow Group and increase in the purchase costs of such four products; and (iii) one of the key suppliers for the supply of a pharmaceutical drug, Codeine, would outsource to its contracted manufacturer instead of manufacturing by its own plants, the purchase cost of Codeine would be increased.

Marketing and sales of health related products business – Acquisition of Kingston Holdings Limited and its subsidiaries ("Kingston Group")

The acquisition of the Kingston Group was completed in November 2013. The management of the Company prepared cash flow forecast based on the existing products lists as at 31 December 2013. The cash flow forecast has not considered any plans not yet committed as at 31 December 2013. The cash flow forecast recorded negative cash inflow, leading to an impairment loss on the goodwill. The discounted rate and the average growth rate used were 9.01% and 6.33% respectively. The carrying amount was lower than its recoverable amount and an impairment loss of approximately HK$522,000 was recognized.

19. Goodwill – *Continued*

(b) Research and development of patented products business – Acquisition of Jet Rich Investment Limited and its subsidiary ("Jet Rich Group")

Key assumptions used in the calculation of value in use were discount rate, growth rate and budgeted cash flow forecast. The discount rate of 13.84% was an after-tax measure based on the 10 year China Government Bond Generic Bid Yield of 4.62% as at 31 December 2013, adjusted with the market risk premium of 14.405% and the specific risk of 3.81% to the cash-generating units. The average growth rate used was 3.01%. Cash flow, beyond first five years was projected by using a steady growth rate of 3.01% according to the valuation report prepared by Ascent Partner Valuation Services Limited. The carrying amount was lower than its recoverable amount. The goodwill was considered to be fully impaired and an impairment loss of approximately HK$7,223,000 was recognized for the intangible asset. The impairment was mainly due to the delay of the project plan in relation to the development of factory for manufacturing Chinese medicine products of Jet Rich Group and the intangible assets can not be used in other cash generating unit.

The Company took a prudent approach on the impairment treatment. The Icy Snow Group, the Jet Rich Group and the Kingston Group form parts of the development of a complete business chain for (i) research and development, (ii) manufacturing and (iii) sales and distribution of health related and pharmaceutical products. As at 31 December 2013, the development of such complete business chain was still in the initial integration phase of exploring new opportunities, such as expanding product categories and acquisition of any potential manufacturing plants with high production capacity and good production facilities.

20. Intangible Assets

	Patent HK$'000	Research and development HK$'000	Total HK$'000
Cost			
As at 1 October 2012	–	–	–
Acquisition of subsidiary	53	8,094	8,147
Additions	–	75	75
Disposal	–	(502)	(502)
Effect of foreign currency exchange difference	–	(47)	(47)
Impairment	(53)	(7,173)	(7,226)
As at 31 December 2013	**–**	**447**	**447**
Amortisation and impairment			
As at 1 October 2012	–	–	–
Provided for the period	3	–	3
Impairment	(3)	–	(3)
As at 31 December 2013	–	–	–
Carrying amount			
As at 31 December 2013	**–**	**447**	**447**
As at 30 September 2012	–	–	–

The proceeds from the disposal of research and development project is HK$3,745,000, the net gain on the disposal is HK$3,246,000 which included in sundry income.

21. Investment in a Joint Venture

	31.12.2013 HK$'000	30.9.2012 HK$'000
Share of net assets	**28,789**	–

On 11 October 2013, pursuant to a joint venture agreement signed between an indirect wholly owned subsidiary of the Company and five joint venture partners, in relation to the establishment of a joint venture company, Trillion Epoch Limited ("Trillion Epoch"), all parties have the rights to assets and obligations to liabilities to Trillion Epoch, the Group has accounted it as joint venture.

Details of the Group's interest in the joint venture, which is accounted for using the equity method in the consolidated financial statements, is as follow:

Name of Joint Venture	Form of structure business	Place of incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by the subsidiary	Principal activity
Trillion Epoch Limited	Incorporated	British Virgin Islands	Ordinary share capital US$25,000	7.67%	–	7.67%	Investment holding of subsidiary which perform money lending business in PRC

Trillion Epoch Limited, the only joint venture in which the group participates, is an unlisted corporate entity whose quoted market price is not available.

Summarised financial information of Trillion Epoch Limited, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the financial statements, are disclosed below:

	31.12.2013 HK$'000	30.9.2012 HK$'000
Current assets	**376,486**	–
Non-current assets	**40**	–
Current liabilities	**1,179**	–
Included in the above assets and liabilities:		
Cash and cash equivalents	**136,144**	–
Turnover	**562**	–
Loss from continuing operations	**(2,489)**	–
Post-tax loss from discontinued operations	**(2,489)**	–
Total comprehensive loss	**(2,489)**	–
Included in the above profit or loss:		
Interest income	**562**	–
Reconciled to the group's interest in Trillion Epoch Limited		
Gross amounts of Trillion Epoch Limited's net assets	**375,347**	–
Group's effective interest	**7.67%**	–
Group's share of Trillion Epoch Limited's net assets	**28,789**	–

22. Held for Trading Securities

Financial assets at FVTPL as at 31 December 2013 and 30 September 2012 comprise:

	31.12.2013	30.9.2012
	HK$'000	HK$'000
Fair value		
Securities listed in Hong Kong held for trading	**49,981**	66,713

All the financial asset are denominated in Hong Kong dollars.

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 31 December 2013	**49,981**	**–**	**–**	**49,981**
As at 30 September 2012	66,713	–	–	66,713

The maximum exposure to credit risk at the reporting date is the carrying value of the best securities oldssitled as held for sale.

During the fifteen months ended 31 December 2013 and twelve months ended 30 September 2012, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

23. Inventories

	31.12.2013 HK$'000	30.9.2012 HK$'000
Raw materials	8,410	8,608
Work in progress	2,797	2,150
Finished goods	45,662	33,515
	56,869	44,273

24. Trade and Bills Receivables

	31.12.2013 HK$'000	30.9.2012 HK$'000
Trade and bills receivables	38,709	30,158
Less: Allowance for bad and doubtful debts	(14,432)	(18,367)
	24,277	11,791

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 bill receivables net of allowance at the end of the reporting period:

	31.12.2013 HK$'000	30.9.2012 HK$'000
0 – 90 days	19,825	6,290
91 – 180 days	3,073	3,166
181 – 365 days	1,185	2,320
Over 365 days	194	15
	24,277	11,791

Ageing analysis of trade receivables past due but not impaired:

	31.12.2013 HK$'000	30.9.2012 HK$'000
Less than 90 days past due	3,073	3,166
91 – 275 days past due	1,185	2,320
Over 275 days past due	194	15
	4,452	5,501

Trade receivables that were past due but not impaired related 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.

24. Trade and Bills Receivables – *Continued*

Impairment losses in respect of trade receivables are recorded using an allowance accounts 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:

	31.12.2013 HK$'000	30.9.2012 HK$'000
Balance at beginning of the reporting period	**18,367**	29,386
Exchange realignment	**640**	(86)
Reversal of impairment losses for trade debts	**(4,575)**	–
Transfer to assets held for sale	**–**	(10,933)
Balance as the end of the reporting period	**14,432**	18,367

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$14,432,000 (30 September 2012: HK$18,367,000).

Trade and bills receivables denominated in other currency

Included in the trade and bills receivables are the following amounts denominated in a currency other than the presentation currency.

	31.12.2013		30.9.2012	
	RMB'000	**HK$'000**	RMB'000	HK$'000
	17,309	**22,017**	9,643	11,791

25. Deposits, Prepayments and Other Receivables

	31.12.2013 HK$'000	30.9.2012 HK$'000
Rental deposit	**631**	418
Prepayment	**9,276**	1,665
Others receivables	**23,488**	7,755
Cash held in margin accounts with stock brokers	**121**	387
	33,516	10,225

At the end of each of the reporting period, included in the allowance for doubtful debts were individually impaired other receivables with an aggregate balance of approximately HK$800,000 (30 September 2012: HK$800,000). The individually impaired receivables are recognised based on the aging analysis and current business relationship. The movement in the allowance for bad and doubtful debts is as follows:

	31.12.2013 HK$'000	30.9.2012 HK$'000
Balance at beginning and end of the reporting period	**800**	559
Other receivables allowance for bad and doubtful debts	**–**	241
	800	800

25. Deposits, Prepayments and Other Receivables – *Continued*

Deposits, prepayments and other receivables denominated in other currency

Included in the deposits, prepayments and other receivables are the following amounts denominated in a currency other than the presentation currency:

	31.12.2013		30.9.2012	
	RMB'000	**HK$'000**	RMB'000	HK$'000
	22,192	**28,227**	5,644	6,902

26. Cash and Cash Equivalents

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

	31.12.2013 HK$'000	30.9.2012 HK$'000
Cash on cash equivalents	**32,092**	38,277
Pledged cash deposits	**1,374**	–
	33,466	38,277
Less: Pledged for bills payables	**(1,374)**	–
	32,092	38,277

Included in cash and bank balances, there is a total balance amounting to RMB17,109,000 (equivalent to HK$21,761,000) (30 September 2012: RMB5,232,000 (equivalent to HK$6,397,000)) denominated in RMB which is not a freely convertible currency.

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

	31.12.2013 HK$'000	30.9.2012 HK$'000
Hong Kong dollar	**10,331**	31,880
Renminbi	**21,761**	6,397
	32,092	38,277

27. Deconsolidation of a subsidiary

On January 2013, the Company applied to the Suqian State Tax Bureau in relation to deregistration of Jiangsu Longlife Special Equipment Technology Company Limited.

The Directors considered the Group's control over the aforementioned subsidiary has been lost. For the purpose of appropriate presentation and in order to allow the public to evaluate the performance of the Group, the aforementioned subsidiary was excluded from the Group's consolidation.

The details of gain on deconsolidation of subsidiary are as follow:

	1.10.2012 – 31.12.2013 HK$'000
Inventory	77
Trade receivable	19
Prepayments	17
Other receivables	47
Other payables	(32)
Receipt in advance	(13)
Net assets	115
Release of exchange fluctuation reserve	(1,156)
Gain on deconsolidation of a subsidiary	(1,041)

28. Acquisition of Subsidiaries

(a) On 10 May 2013, the Company completed the acquisition of (i) the entire issued share capital of Icy Snow Limited and its subsidiaries ("Icy Snow Group") and (ii) all the shareholder's loans owing by such companies to the vendor of such acquisition at an aggregate consideration of HK$45,600,000. The Company issued an aggregate of 190,000,000 Shares ("Consideration Shares") credited as fully paid at the issue price of HK$0.24 per Consideration Share, to the vendor for satisfying the consideration of the acquisition of the Icy Snow Group.

Pursuant to the sale and purchase agreement dated 7 March 2013 entered into between the vendor and the Company ("Icy Snow SPA"), the vendor has irrevocably and unconditionally guaranteed to the Company that the unaudited consolidated net profit of Icy Snow Limited after taxation for the year ending 31 December 2013, 31 December 2014 and 31 December 2015 shall in aggregate be not less than HK$12,000,000 ("Guaranteed Accumulated Profits"). If the Guaranteed Accumulated Profits are not met, the vendor shall pay to the Company a shortfall compensation which shall be equal to 11 times of the difference between the Guaranteed Accumulated Profits and the actual aggregate audited consolidated net profit of Icy Snow Limited after taxation for the three years ending 31 December 2015. In the event that the unaudited consolidated net profit of Icy Snow Limited after taxation for the three years ending 31 December 2015 are equal to or more than HK$24,000,000, the Company shall pay to the vendor a sum of HK$3,000,000 in cash as bonus payment. The details of the acquisition of the Icy Snow Group are set out in the announcements of the Company dated 7 March 2013, 10 May 2013 and 17 June 2013.

For information purpose only, the unaudited consolidated net loss of Icy Snow Group after taxation for the period from 1 January 2013 to 31 December 2013 was approximately HK$2,165,200. Pursuant to the terms of the Icy Snow SPA, the profit guarantee of the Icy Snow Group will be assessed after the year ending 31 December 2015.

(b) On 3 June 2013, the Group entered into a sale and purchase agreement (" Jet Rich SPA") to acquire (i) the entire issued share capital of Jet Rich Investment Limited and its subsidiary, namely 北京創新美凱科技開發有限公司 (in English for identification purpose, Beijing Chuangxin MeiKai Technology Development Co., Ltd.) ("Beijing Chuaangxin"), ("Jet Rich Group") and (ii) all the shareholder's loan owing by such companies to the vendor, at an aggregate consideration of HK$27,000,000.

Pursuant to the supplemental agreement dated 5 July 2013 supplemental to the Jet Rich SPA, the consideration was satisfied by (i) issuing convertible notes in aggregate principal amount of HK$23,000,000 at the initial conversion price of HK$0.10 (subject to adjustment) per conversion share to the vendor and (ii) settling the remaining consideration of HK$4,000,000 in cash on completion. Completion of such acquisition took place on 26 July 2013.

The vendor exercised the conversion rights attached to the convertible notes in full on 5 August 2013 and a total of 230,000,000 conversion shares of HK$0.10 each of the Company at the initial conversion price of HK$0.10 per conversion share were allotted and issued by the Company to the vendor on 6 August 2013. The details of the acquisition of the Jet Rich Group are set out in the announcements of the Company dated 3 June 2013, 4 June 2013, 5 July 2013, 9 July 2013 and 26 July 2013.

(c) On 1 November 2013, Dynasty Well Limited, a direct wholly-owned subsidiary of the Company, entered into SAP Agreement to acquire the entire issued share capital of Kingston Group Holdings Limited and its subsidiaries, namely Health International Limited and Town Health Choice Limited ("Kingston Group") at the consideration of HK$3,000,000. Such consideration was satisfied in cash upon completion and the completion of the acquisition of the Kingston Group took place on 8 November 2013. The details of the acquisition of the Kingston Group are set out in the announcement of the Company dated 1 November 2013.

28. Acquisition of Subsidiaries – *Continued*

	Jet Rich Group HK$'000	Icy Snow Group HK$'000	Kingston Group HK$'000	Total HK$'000
Net Assets Acquired				
Intangible assets	8,147	–	–	8,147
Property, plant and equipment	1,172	491	7	1,670
Inventories	–	4,744	2,290	7,034
Trade and other receivables	13,808	8,619	981	23,408
Tax recoverable	–	69	–	69
Cash and cash equivalents	3,809	3,933	(152)	7,590
Trade and other payables	(16,025)	(20,848)	(648)	(37,521)
Tax payable	(13)	(144)	–	(157)
	10,898	(3,136)	2,478	10,240
Goodwill	81	44,781	522	45,384
Total consideration	10,979	41,645	3,000	55,624
Consideration satisfied by:				
Cash paid	4,000	–	3,000	7,000
Convertible notes	23,000	–	–	23,000
Share issued, at fair value	–	45,600	–	45,600
Less: Assignment of debts	(16,021)	(3,955)	–	(19,976)
	10,979	41,645	3,000	55,624
Net cash (outflow)/inflow arising on acquisition				
Consideration paid in cash	(4,000)	–	(3,000)	(7,000)
Cash and cash equivalents balance acquired	3,809	3,933	(152)	7,590
	(191)	3,933	(3,152)	590

Impact of Acquisitions of the Results of the Group

Included in the loss for the fifteen months ended 31 December 2013, the Jet Rich Group generated net profit of approximately HK$1,819,000. The Icy Snow Group and the Kingston Group generated net loss of approximately HK$1,274,000 and HK$370,000 respectively. Revenue for the fifteen months ended 31 December 2013 are approximately Nil, HK$19,653,000 and HK$787,000 (included HK$541,000 intergroup sales to Icy Snow Group) attributable to the acquisitions of the Jet Rich Group, the Icy Snow Group and the Kingston Group respectively.

Had the acquisitions of the Jet Rich Group, the Icy Snow Group and the Kingston Group been completed at the beginning of the fifteen months ended 31 December 2013, the total amount of loss of the Group and turnover from continuing operations would have been HK$77,409,000 and HK$123,990,000 respectively.

The unaudited pro-forma financial information set out above is for illustrative purpose only on the effects of the acquisitions of the Jet Rich Group, the Icy Snow Group and the Kingston Group having been completed at the beginning of the fifteen months ended 31 December 2013. The unaudited pro-forma financial information set out above is not necessarily an indication of revenue and results of the continuing operations of the Group nor is it intended to be a projection of future results.

29. Discontinued Operations/Assets Held for Sale

(a) At the end of April 2012, the Company first became aware of announcement issued by the State Food and Drug Administration ("SFDA"), accusing the Zhejiang Xinda Zhongshan Capsules Company Limited ("ZS Capsules"), an indirectly owned subsidiary of the Company, has committed serious misconduct. As a result, The SFDA has directed Zhejiang Food and Drug Administration to revoke the manufacturing and production licence of ZS Capsules in accordance with the statutory procedures, and relevant individuals are under criminal investigation by the relevant authorities.

Pursuant to a sale and purchase agreement dated 14 December 2012, the Group disposed of its 61.11% shares in ZS Capsules for an aggregate consideration of HK$500,000.

The major classes of assets and liabilities of ZS Capsules classified as held for sale as at 30 September 2012 is set out below:

	ZS Capsules
	HK$'000
Property, plant and equipment	13,148
Prepaid lease payments	2,339
Inventories	342
Trade receivables	12,587
Deposits, prepayments and other receivables	4,445
Tax receivable	35
Cash and cash equivalents	256
Total assets classified as held for sale	33,152
Trade payables	(4,787)
Others payables and accruals	(9,584)
Bank borrowings	(2,812)
Amount due to minority shareholder	(614)
Other unsecured loans	(7,106)
Total liabilities associates with assets classified held for sale	24,903
Net assets classified as held for sale	8,249
Less: Impairment	(7,431)
Assets held for sale	818

29. Discontinued Operations/Assets Held for Sale – *Continued*

(b) On 26 March 2013, the Company and Joystar (BVI) Auto Inter-Parts Limited entered into a sale and purchase agreement in relation to the disposal of the entire issued capital of Sinogate Energy Limited ("Sinogate"), a wholly-owned subsidiary of the Company. The consideration of such disposal of HK$28 million was satisfied in cash upon completion, which took place on 21 May 2013. Sinogate and its subsidiaries carried out all of the Group's trading of synthetic rubber business. Immediately after completion, Sinogate and its subsidiaries ceased to be subsidiaries of the Company. The Company recognised and recorded the gain on disposal of approximately HK$27 million as profit from discontinued operation, net of tax in connection with such disposal.

During the fifteen months ended 31 December 2013, profit for the period from discontinued operations was mainly attributable to the gain arising from the disposal.

The results of the discontinued operations included in the consolidated financial statements of comprehensive income are set out below:

Profit for the period from discontinued operations
For the fifteen months end 31 December 2013

	ZS Capsules HK$'000	Sinogate HK$'000	Total HK$'000
Turnover	–	120,437	120,437
Expenses	–	(119,701)	(119,701)
Profit before tax	–	736	736
Income tax expenses	–	(119)	(119)
Profit for the period from discontinued operation	–	617	617
Gain on disposal of discontinued operation	–	27,391	27,391
	–	28,008	28,008
Profit attributable to:			
Equity holders of the Company	–	28,008	28,008
Cash flows from discontinued operation			
Net cash used in operating activities	–	(14,884)	(14,884)
Net cash used in financing activities	–	(53)	(53)
Net cash flows	–	(14,937)	(14,937)

29. Discontinued Operations/Assets Held for Sale – *Continued*

(b) *– Continued*

For the twelve months ended 30 September 2012

	ZS Capsules HK$'000	Sinogate HK$'000	Total HK$'000 (Restated)
Revenue	9,870	33,385	43,255
Expenses	(17,789)	(33,377)	(51,166)
(Loss)/profit before tax	(7,919)	8	(7,911)
Income tax expenses	–	–	–
(Loss)/profit for the period from discontinued operations	(7,919)	8	(7,911)
Loss attributable to :			
Equity holders of the Company	(5,839)	8	(5,831)
Non-controlling interest	(2,080)	–	(2,080)
Cash flows from discontinued operation			
Net cash (used in)/from operating activities	(901)	468	(433)
Net cash used in investing activities	(49)	–	(49)
Net cash (used in)/from financing activities	(806)	15,000	14,194
Net cash flows	(1,756)	15,468	13,712

(c) Gain on disposal of subsidiaries and disposal of assets held for sale

For the fifteen months ended 31 December 2013

	ZS Capsules HK$'000	**Sinogate HK$'000**	**Total HK$'000**
Assets held for sale	818	–	818
Trade deposit paid in advance	–	23,261	23,261
Cash and cash equivalents	–	532	532
Other unsecured loan	–	(15,000)	(15,000)
Trade and other payables	–	(460)	(460)
Tax payable	–	(119)	(119)
Receipt in advance	–	(7,605)	(7,605)
Net assets disposed of	818	609	1,427
Gain on disposal of subsidiaries	–	27,391	27,391
Non-controlling interest	(318)	–	(318)
Cash and total consideration received	500	28,000	28,500
Net cash inflow arising on the disposal of subsidiary and assets held for sale			
Consideration received in cash	500	28,000	28,500
Cash and cash equivalents disposed of subsidiaries and assets held for sale	–	(532)	(532)
	500	27,468	27,968

30. Trade and Bills Payables

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

	31.12.2013 HK$'000	30.9.2012 HK$'000
0 – 90 days	**11,195**	5,664
91 – 180 days	**2,395**	35
181 – 365 days	**6,606**	191
Over 365 days	**5,568**	2,733
	25,764	8,623

Included in trade and bills payables are the following amounts denominated in currencies other than the presentation currency.

	31.12.2013		30.9.2012	
	RMB'000	**HK$'000**	RMB'000	HK$'000
	20,205	**25,699**	7,052	8,623

31. Other Payables and Accruals

	Notes	31.12.2013 HK$'000	30.9.2012 HK$'000
Salary and wages payables		**3,897**	1,722
Receipt in advance		**8,060**	3,409
Accruals and others	(a)	**41,385**	28,020
Provision for value-added tax, business tax and other government duties		**493**	13,670
Amount due to an ex-director, Mr. Yang Honggen	(b)	**16,066**	15,480
Advance from independent third parties	(c)	**–**	958
		69,901	63,259

Notes:

(a) Accruals and others include HK$7,520,000 (30 September 2012: HK$14,515,000) of margin payable which are generated from investment in financial assets at FVTPL with interest rate ranged from 8% to 12% per annum for the fifteen months ended 31 December 2013 (twelve months ended 30 September 2012: range from 8% to 13% per annum).

(b) The amount of HK$16,066,000 (30 September 2012: HK$15,480,000) is unsecured, bearing interest at 6,903% per annum (30 September 2012: 6.903% per annum) and repayable on demand.

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

Other payables and accruals denominated in other currency

Included in the other payables and accruals are the following amounts denominated in a currency other than the presentation currency:

	31.12.2013		30.9.2012	
	RMB'000	**HK$'000**	RMB'000	HK$'000
	43,897	**55,834**	37,771	46,187

32. Bank and Other Borrowings

	31.12.2013 HK$'000	30.9.2012 HK$'000
Secured bank borrowings	**19,079**	12,228
Unsecured other borrowings	**31,017**	–
	50,096	12,228
Carrying amount repayable:		
Less than one year	**50,096**	12,228

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

Include in unsecured other borrowings are the following amounts dominated in a currency other than presentation currency:

31.12.2013		30.9.2012	
RMB'000	**HK$'000**	RMB'000	HK$'000
800	**1,017**	–	–

At 31 December 2013, secured bank borrowings of approximately HK$19,079,000 (30 September 2012: HK$12,228,000) were secured by buildings and prepaid lease payments of the Group with aggregate carrying amount of approximately HK$10,152,000 (30 September 2012: HK$10,623,000) and guaranteed by the chief executive officer and an ex-director of the Company.

The bank borrowings carried interest ranging from 6.57% to 7.80% (30 September 2012: 6.37% to 6.57%) per annum.

The other borrowings carried interest at 12% (30 September 2012: Nil) per annum.

33. Deferred Taxation

At the end of the reporting period, the Group had unused tax losses of approximately HK$120,246,000 (30 September 2012: HK$194,249,000) 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.

34. Convertible Notes

On 26 July 2013, the Company issued convertible notes with an aggregated principal amount of HK$23,000,000 with a term of three years as partial consideration for the acquisition of 100% beneficial interest in Jet Rich Investment Limited and its subsidiary. The notes are unsecured and carry 7% interest rate per annum. The note is convertible into ordinary shares of the Company at a conversion price of HK$0.1 per conversion share at any time during the period commencing from the date of issue of convertible note.

The convertible notes contain a liability component, a derivative component and an equity component. At the initial recognition on 26 July 2013 which was the issue date of the convertible note, the fair value of the embedded derivatives portion of the convertible note were determined by an independent professional valuer, Ascent Partners Valuation Service Limited, the liability component of the convertible notes at the issue date is the residual amount after recognising the fair value of the embedded derivatives and subsequently carried at amortised cost using an effective interest rate of 14.50% per annum.

The convertible noteholder exercised its conversion right attached to the convertible notes in full on 5 August 2013 and a total of 230,000,000 conversion shares of HK$0.10 each of the Company at an initial conversion price of HK$0.10 per conversion share were allotted and issued by the Company to the convertible noteholder on 6 August 2013.

	Liability component HK$'000	Derivative financial assets HK$'000	Equity component HK$'000	Total HK$'000
At the date of issue, net of issue expense	**21,810**	**(3,520)**	**4,710**	**23,000**
Imputed interest charged	**12**	–	–	**12**
Issue of new shares upon conversion of convertible notes	**(21,822)**	**3,520**	**(4,710)**	**(23,012)**
At 31 December 2013	–	–	–	–

35. Share Capital

		Number of shares'000	Share capital HK$'000
Authorised:			
Ordinary Shares of HK$0.10 each			
As at 1 October 2012		2,000,000	200,000
Ordinary Shares of HK$0.50 each			
Share Consolidation	*Note c*	(1,600,000)	–
Ordinary Shares of HK$0.01 each			
Share subdivision	*Note c*	19,600,000	–
As at 31 December 2013		20,000,000	200,000
Issued and fully paid:			
Ordinary Shares of HK$0.10 each			
As at 1 October 2012		1,152,080	115,208
New issue of Consideration Shares	*Note a*	190,000	19,000
Shares issued upon conversion of convertible notes	*Note b*	230,000	23,000
Ordinary Shares of HK$0.50 each			
Share Consolidation	*Note c*	(1,257,664)	–
Ordinary Shares of HK$0.01 each			
Capital Reduction		–	(154,064)
As at 31 December 2013		314,416	3,144

Notes:

(a) On 10 May 2013, the Company completed the Icy Snow Acquisition (please refer to Note 28 above). The Company allotted and issued an aggregate of 190,000,000 new shares of HK$0.10 each of the Company (the "Consideration Shares"), credited as fully paid, at the issue price of HK$0.24 per Consideration Share to the vendor of the Icy Snow Acquisition for satisfying the consideration of the Icy Snow Acquisition.

(b) On 5 July 2013, the Company issued convertible notes in the aggregate principal amount of HK$23,000,000 at the initial conversion price of HK$0.10 per conversion share as partial consideration for the acquisition of Jet Rich Investment Limited and its subsidiary. The convertible noteholder exercised its conversion right attached to the convertible notes in full on 5 August 2013 and a total of 230,000,000 conversion shares of HK$0.10 each of the Company at an initial conversion price of HK$0.10 per conversion share were allotted and issued by the Company to the convertible noteholder on 6 August 2013.

35. Share Capital – *Continued*

Notes: – *Continued*

(c) Pursuant to special resolutions passed at the extraordinary general meeting of the Company on 19 August 2013 in relation to the capital reorganisation of the Company ("Capital Reorganisation"), among other things:

(i) the entire amount standing to the credit of the share premium account of the Company was cancelled and transferred to an account of the Company designated as the special reserve of the Company on 19 August 2013;

(ii) on 19 September 2013, the Company had undergone the Capital Reorganisation in the following manner:

(1) every 5 existing shares of HK$0.10 each of the Company were consolidated into 1 share of HK$0.50 ("Consolidated Share") ("Share Consolidation");

(2) the issued share capital of the Company was reduced through a cancellation of the paid up capital of the Company to the extent of HK$0.49 on each of the issued Consolidated Shares such that the nominal value of each issued Consolidated Share was reduced from HK$0.50 into HK$0.01 ("Capital Reduction"); and

(3) each of the authorized but unissued Consolidated Shares of HK$0.50 each was sub-divided into 50 new shares of HK$0.01 each ("Share Subdivision").

Details of the Capital Reorganisation were set out in the circular of the Company dated 26 July 2013 and the announcements of the Company dated 5 July 2013, 19 July 2013, 13 August 2013, 19 August 2013 and 29 August 2013.

36. Share Option Scheme

(a) Scheme

The Company operates a share option scheme ("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.

36. Share Option Scheme – *Continued*

(a) Scheme – *Continued*

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.

(b) Options granted

Summary of the share options granted is as follows:

- ***Movement in number of share options***

	1.10.2012–31.12.2013 HK$'000	1.10.2011–30.9.2012 HK$'000 (Restated)
Number of share options		(Note a)
At beginning of the reporting period	**24,000,000**	10,000,000
Granted during the year	**23,000,000**	14,000,000
At end of the reporting period	**47,000,000**	24,000,000

- ***Details of the share options granted***

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 *(Note a)*	10,000,000	1.775	0.866
22 March 2012	22 March 2012 –21 March 2015 *(Note a)*	14,000,000	1.000	0.2025
31 December 2013	31 December 2013 – 31 December 2014 *(Note b)*	23,000,000	0.219	0.0853

Notes:

(a) Following the Capital Reorganisation becoming effective on 29 August 2013, the number of Shares granted on 9 April 2010 to be issued upon exercise of the share options under the Scheme was adjusted from 50,000,000 to 10,000,000 and the exercise price per Share was adjusted from HK$0.355 to HK$1.755. The number of the Shares granted on 22 March 2012 to be issued upon exercise of the share options under the scheme was adjusted from 70,000,000 to 14,000,000 and the exercise price per Share was adjusted from HK$0.200 into HK$1.000.

(b) The average fair value of the share options granted during the fifteen months ended 31 December 2013 is HK$0.0853 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$1,962,000 of which approximately HK$1,962,000 was recognised in profit or loss in the fifteen months ended 31 December 2013.

None of the share options granted have lapsed or been cancelled or exercised during the fifteen months ended 31 December 2013.

36. Share Option Scheme – *Continued*

(b) Options granted – *Continued*

The significant inputs into the model are as follow:

Fair value at measurement date	HK$0.0853
Share price	HK$0.219
Exercise price	HK$0.219
Expect volatility	101.655%
Option life	1 year
Expected dividend yield	0%
Risk – free interest rate	0.19%

37. Operating Lease Commitments – Group as lessee

	31.12.2013	30.9.2012
	HK$'000	HK$'000
Minimum lease payments under operating lease during the period/year in relation to office premises, warehouses and staff quarters	**3,010**	2,095

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:

	31.12.2013	30.9.2012
	HK$'000	HK$'000
Within one year	**2,019**	1,319
From the second to fifth year inclusive	**1,832**	130
	3,851	1,449

Leases are negotiated and rentals are fixed for terms of 1 year to 3 years (30 September 2012: 1 year to 3 years).

Operating lease commitments — Group as lessor

At the end of the reporting period, the Group as a lessor had total future minimum lease payments receivable under non-cancellable operating leases as set out below:-.

Land and building

	31.12.2013	30.9.2012
	HK$'000	HK$'000
Within one year	**120**	–
From the second to fifth year inclusive	**394**	–
	514	–

37. Operating Lease Commitments – Group as lessee – *Continued*

Plant and machinery

	31.12.2013 **HK$'000**	30.9.2012 HK$'000
Within one year	**6**	–
In the second to fifth year inclusive	**25**	–
	31	–

38. Capital Commitments

	31.12.2013 **HK$'000**	30.9.2012 HK$'000
Authorised but not contracted for	**25,438**	–

On 29 September 2013, the Group has established an indirectly wholly foreign-owned enterprise ("**WFOE**") in Guizhou, the PRC, pursuant to the cooperation agreement dated 28 June 2013 entered with 貴州紅花崗區經濟開發區管委會 (in English, for identification purpose, Guizhou Hong Hua Gang District Economic Development District Management Committee) in relation the cooperation for the investment and construction of a pharmaceutical factory in Hong Hua Gang Economic Development District, Guizhou Province, the PRC. The registered capital of WFOE is RMB30,000,000 and the Group has paid the registered capital of RMB10,000,000. The remaining capital commitment was RMB20,000,000 (equivalent to approximately HK$25,438,000).

39. Pledge of Assets

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

	31.12.2013 **HK$'000**	30.9.2012 HK$'000
Property, plant and equipment	**5,430**	5,945
Prepaid lease payments	**4,722**	4,678
Held for trading securities	**49,981**	66,713
Cash held in margin accounts with stock brokers included in "Deposits, prepayments and other receivables"	**121**	386
	60,254	77,722

40. Retirement Benefits Scheme

The employees of the subsidiaries of the Company are members of retirement benefits scheme according to the statutory requirement. The relevant subsidiaries of the Company are required to make contributions to the defined contribution pension scheme 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.

In addition, pursuant to regulation stipulated by the PRC government, the PRC subsidiaries of the Company started a defined contribution healthcare scheme. Under this scheme, the PRC subsidiary of the Company and the relevant employees have to contribute certain percentage of the employee's salary to the scheme. The PRC government is responsible for the pension liability to these retired staff. The pension scheme contributions made by the Group was approximately HK$2,324,000 for the fifteen months ended 31 December 2013 (twelve months ended 30 September: HK$1,780,000).

41. Statement of Financial Position of the Company

	31.12.2013 HK$'000	30.9.2012 HK$'000
NON CURRENT ASSETS		
Property, plant and equipment	**266**	868
Investment in subsidiary	**24,439**	–
	24,705	868
CURRENT ASSETS		
Prepayments and other receivables	**4,044**	1,336
Amounts due from subsidiaries (note)	**228,305**	151,460
Cash and cash equivalents	**5,849**	16,184
	238,198	168,980
CURRENT LIABILITIES		
Other payables and accruals	**2,859**	887
Amounts due to subsidiaries (note)	**36,620**	10,258
	39,479	11,145
NET CURRENT ASSETS	**198,719**	157,835
	223,424	158,703
CAPITAL AND RESERVES		
Share capital	**3,144**	115,208
Reserves	**220,280**	43,495
	223,424	158,703

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

As at 31 December 2013, the aggregate amount of reserves of the Company available for distribution to equity shareholders of the Company was approximately HK$206,907,000 (30 September 2012: HK$32,084,000). The distributable reserves which include the Company's share premium and other reserves, under the Companies Act 1981 of Bermuda, are distributable to shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company is still able to pay its liabilities as they become due or the realisable value of its assets would thereby become less than its liabilities.

42. Particulars of Subsidiaries

Particulars of the Company's principal subsidiaries at 31 December 2013 and 30 September 2012 are as follows:

Name	Place of incorporation/ registration/ operation	Particulars of issued and paid up capital/ registered capital	Percentage of ownership interest/ voting power/ profit sharing 2013 Direct	2013 Indirect	2012 Direct	2012 Indirect	Principal activities
Dynasty Well Limited	British Virgin Islands ("BVI")	Ordinary Share US$1	**100%**	**–**	–	–	Investment holding
Splendid Rich Holdings Limited	BVI	Ordinary Share US$100	**100%**	**–**	100%	–	Trading of securities
Wallfaith Company Limited	BVI	Ordinary Share US$100	**100%**	**–**	100%	–	Investment holding
Icy Snow Limited	BVI	Ordinary Share US$1	**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%**	–	100%	Manufacturing and sale of health related products, household commodities and health supplement wine
V-Express Pharmaceutical Limited	Hong Kong	Ordinary Share HK$1	**–**	**100%**	–	–	Trading of pharmaceutical and healthcare products
Allied View International Limited	BVI	Ordinary Share US$1	**–**	**100%**	–	–	Investment holding
Kingston Group Holdings Limited	BVI	Ordinary Share US$101	**–**	**100%**	–	–	Investment holding
Jet Rich Investment Limited	Hong Kong	Ordinary Share HK$11	**–**	**100%**	–	–	Investment holding
Suzhou Longlifu Trading Co., Limited (蘇州朗力福商貿有限公司) (Note b)	PRC	Registered Capital RMB5,000,000	**–**	**100%**	–	100%	Trading of household commodities and health related products
Suzhou Longlife Medical Devices Co., Limited (蘇州朗力福醫療器械有限公司) (Note b)	PRC	Registered Capital RMB5,000,000	**–**	**100%**	–	100%	Sales of dental materials and equipment
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%**	–	100%	Manufacturing of household commodities for daily use
Ultra Leap Holdings Limited (Note c)	Hong Kong	Ordinary Share HK$1	**–**	**100%**	–	–	Trading of securities (Inactive)

42. Particulars of Subsidiaries – *Continued*

Name	Place of incorporation/ registration/ operation	Particulars of issued and paid up capital/ registered capital	Percentage of ownership interest/ voting power/ profit sharing				Principal activities
			2013		2012		
			Direct	Indirect	Direct	Indirect	
Guangzhou Yingrun Pharmaceutical Co., Limited (廣州瑩葯業有限公司) (Note a, b & c)	PRC	Registered capital RMB1,800,000	–	100%	–	–	Wholesale of Chinese Medicines and Medical Devices
Guizhou Chang Shou Chang Le Pharmaceutical Plant Co., Limited (貴州長壽長樂制葯廠有限公司) (Note a, b & c)	PRC	Registered capital RMB30,000,000	–	100%	–	–	Manufacturing and sale of Chinese Medicine
Beijing Chuangxin Meikai Technology Development Co., Ltd ("Beijing Chuangxin") (北京創新美凱科技開發有限公司) (Note a, b & c)	PRC	Registered capital HK$30,000,000	–	100%	–	–	Research and Development of Medicine Centre
Healthy International Limited (Note c)	Hong Kong	Ordinary Share HK$10,000	–	100%	–	–	Marketing and sales of health supplements, Slimming pills and beauty products
Town Health Choice Limited (Note c)	Hong Kong	Ordinary Share HK$1	–	100%	–	–	Sales of health supplements, traditional Chinese Medicines, Slimming pills and beauty products
Splendid Sun Limited	Hong Kong	Ordinary Share HK$1	–	–	–	100%	Trading of synthetic rubber

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

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 fifteen months ended 31 December 2013 or at any time during the fifteen months ended 31 December 2013.

Notes:

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

b. These subsidiaries are limited companies established in the PRC

c. These subsidiaries are newly incorporated or acquired during the fifteen months ended 31 December 2013.

43. Related Party and Connected Transactions

(a) Transactions with related parties

Details of the transactions with related parties during the period:

On 15 November 2010, the Company and Capital VC Limited have jointly entered into a tenancy agreement for the lease of office premises for 3 years. Under the tenancy agreement, the Company share 50% of the rent on a cost basis. The Company ceased to rent such premises on 4 July 2013.

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

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amount paid to the company's directors and other key management member is as follows:

	1.10.2012 – 31.12.2013 HK$'000	1.10.2011 – 30.9.2012 HK$'000
Short-term employee benefits	**6,747**	2,030
Post-employment benefits	**52**	16
	6,799	2,046

The remuneration of the Directors and key executive is determined by the remuneration committee of the Board with regard to the individual performance and market trends.

44. Major Non-Cash Transactions

Except for the note 28(a) and 28(b) to the consolidated financial statements, there is no additional major non-cash transactions to be disclosed as at 31 December 2013.

45. 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 31 December 2013, the maximum rental liabilities of the Company should there be any default of rental payment of Capital VC Limited would be Nil (30 September 2012: HK$1,054,000) as the Company ceased to rent such premises on 4 July 2013.

The Company has executed guarantees with respect to certain facilities of its subsidiary. Such facilities utilised as at 31 December 2013 amounted to HK$30,000,000 (30 September 2012: Nil).

46. Event after the End of the Reporting Period

Placing Shares

On 17 December 2013, the Company entered into a placing agreement with RHB OSK Securities Hong Kong Limited ("RHB") pursuant to which RHB has conditionally agreed to place, on a best endeavours basis, up to 245,000,000 Shares (each, "Placing Share") to not less than six placees, who and whose ultimate beneficial owners are independent third parties, a price of HK$0.204 per Placing Share ("Placing"). The completion of Placing took place on 25 February 2014. For details, please refer to the announcements of the Company dated 17 December 2013, 29 January 2013 and 25 February 2013 and the circular of the Company dated 10 January 2014.

Change of Company Name

On 14 February 2014, the Company proposed the English Name of the Company to be changed from "Longlife Group Holdings Limited" to "Rui Kang Pharmaceutical Group Investments Limited" and the Chinese name of the Company from "朗力福集團控股有限公司" to "銳康藥業集團投資有限公司". The proposed change of name of the Company has been approved by the Shareholders at the special general meeting of the Company held on 25 March 2014. For details, please refer to the announcements of the Company dated 14 February 2014 and 25 March 2014 and the circular of the Company dated 27 February 2014.

Subscription agreement in respect of the proposed subscription of shares by Fuan Pharmaceutical (Group)., Limited

On 6 September 2013, the Company and 福安藥業（集團）股份有公司 (in English, for identification purpose only, Fuan Pharmaceutical (Group)., Limited) ("Subscriber"), a company incorporated in the PRC with limited liabilities, whose shares are listed on the Shenzhen Stock Exchange (stock code: 300194) entered into the subscription agreement ("Subscription Agreement") pursuant to which the Company conditionally agreed to issue 15,720,800 Shares to the Subscriber at a price of HK$0.4968 per subscription Shares ("Subscription").

Pursuant to the terms of the Subscription Agreement, completion Subscription is subject to and conditional upon fulfillment or waiver of certain conditions on or before the Long Stop Date, 28 February 2014. Given that such certain conditions (including the obtaining of necessary approvals from the competent PRC authorities by the Subscriber) had not yet been fulfilled as at 29 January 2014, the Company and the Subscriber entered into a termination agreement to terminate the Subscription Agreement on 29 January 2014. For details, please refer to the announcements of the Company dated 6 September 2013 and 29 January 2014.

47. Comparative Figures

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

Comparative figures for the consolidated financial statements may not be comparable with that of the current fifteen months ended 31 December 2013 due to the change of accounting date for current period mentioned in note (1) to the consolidated financial statements.

FINANCIAL SUMMARY

Results

	For the period				
	1.10.2008– 30.9.2009 HK$'000	1.10.2009– 30.9.2010 HK$'000	1.10.2010– 30.9.2011 HK$'000	1.10.2011– 30.9.2012 HK$'000	**1.10.2012– 31.12.2013 HK$'000**
Turnover	160,522	84,184	45,017	110,109	**227,062**
Cost of sales	(71,641)	(43,700)	(41,124)	(63,672)	**(181,442)**
Gross profit	88,881	40,484	3,893	46,437	**45,620**
Other income/(loss)	2,046	9,968	3,233	(7,646)	**15,082**
Impairment loss recognised on goodwill	(5,525)	–	–	–	**(20,945)**
Impairment loss recognised on intangible asset	–	–	–	–	**(7,223)**
Share of loss of a joint venture	–	–	–	–	**(191)**
Restructuring and redundancy cost	(35,030)	(2,107)	–	–	**–**
Administrative expenses	(29,886)	(33,951)	(23,491)	(33,138)	**(38,545)**
Selling and distribution expenses	(98,170)	(27,715)	(22,903)	(24,550)	**(35,773)**
Other expenses	(2,367)	(2,967)	(3,074)	–	**–**
Finance costs	(3,388)	(1,730)	(3,253)	(3,795)	**(4,528)**
Loss before tax	(83,439)	(18,018)	(45,595)	(22,692)	**(46,503)**
Income tax expense	(978)	(47)	(445)	(86)	**(778)**
Loss for the year/period	(84,417)	(18,065)	(46,040)	(22,778)	**(47,281)**
Loss attributable to:					
Equity holders of the Company	(83,561)	(16,465)	(43,555)	(20,698)	**(47,281)**
Non-controlling interests	(856)	(1,600)	(2,485)	(2,080)	**–**
Loss for the year/period	(84,417)	(18,065)	(46,040)	(22,778)	**(47,281)**

Assets and liabilities

	For the period ended				
	30.9.2009 HK$'000	30.9.2010 HK$'000	30.9.2011 HK$'000	30.9.2012 HK$'000	**31.12.2013 HK$'000**
Total assets	155,070	247,518	195,829	190,925	**274,380**
Total liabilities	(105,892)	(100,801)	(98,100)	(84,110)	**(146,189)**
Total equity	49,178	146,717	97,729	106,815	**128,191**
Non-controlling interests	(6,214)	(4,724)	(2,405)	(318)	**–**
Equity attributable to equity holders of the Company	42,964	141,993	95,324	106,497	**128,191**