vitop 天年

VITOP GROUP LIMITED
(天年集團有限公司)

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1178

ANNUAL REPORT 2016

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Xu Zhifeng
Chan Shun Yee
Liu Min
Zhou Guohua (appointed on 8 August 2016)
Zhang Wen (resigned on 16 November 2015)
Han Qingyun (resigned on 7 September 2015)

Non-executive Director

Chau Yu-Lung Jimmy (appointed on 30 December 2015)

Independent Non-executive Directors

Su Rujia (appointed on 23 July 2015 and further appointed as Chairman on 7 September 2015)
Wong Tat Yan Paul
Zhu Yanzhou (appointed on 23 October 2015)
Li Xinzhong (resigned on 6 November 2015)
Zhu Jinghua (resigned on 23 July 2015)
Deng Zhiqiang (resigned on 23 July 2015)

AUDIT COMMITTEE

Wong Tat Yan Paul *(Chairman)*
Su Rujia (appointed on 23 July 2015)
Zhu Yanzhou (appointed on 23 October 2015)
Li Xinzhong (resigned on 6 November 2015)
Zhu Jinghua (resigned on 23 July 2015)
Deng Zhiqiang (resigned on 23 July 2015)

REMUNERATION COMMITTEE

Wong Tat Yan Paul *(Chairman)*
Su Rujia (appointed on 23 July 2015)
Zhu Yanzhou (appointed on 23 October 2015)
Li Xinzhong (resigned on 6 November 2015)
Zhu Jinghua (resigned on 23 July 2015)
Deng Zhiqiang (resigned on 23 July 2015)

COMPANY SECRETARY

Yeung Shun Kee (appointed on 24 September 2015)
Kwan Yiu Ming, Patrick (resigned on 24 September 2015)

AUTHORISED REPRESENTATIVES

Yeung Shun Kee
Xu Zhifeng

AUDITOR

Elite Partners CPA Limited
Certified Public Accountants

10/F, 8 Observatory Road, Tsim Sha Tsui
Kowloon, Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
China Minsheng Banking Corporation Limited

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 1237–1240, 12/F
Sun Hung Kai Centre
30 Harbour Road, Wanchai
Hong Kong
Tel: (852) 2868 2588
Fax: (852) 2991 4711

HEAD OFFICE IN MAINLAND CHINA

Floor 8, Convention and Exhibition Centre,
No. 1, Software Road, Zhuhai, Guangdong
The People's Republic of China

CORPORATE INFORMATION

SHARE REGISTRARS AND TRANSFER OFFICES

Cayman Islands

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman, KY1-1110
Cayman Islands

Hong Kong

Union Registrars Limited
Suites 3301–04, 33/F, Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

STOCK CODE

1178

WEBSITE ADDRESS

http://www.vitop.com.hk

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 30 June 2016, total revenue of the Group jumped up by about 3.8 times compared with last year, which is very encouraging. The BIOenergy products continued to recover in sales volume as well as in total value. Newly added healthcare food sales in the product lines of high quality honey imported from New Zealand and healthcare food supplements also recorded satisfactory sales figures in the later half of this financial year. The overall revenue increase was due to the Group's combined effort of continual adoption of the policy of a slimmer gross profit margin on existing product lines, and commencement of result contribution as a result of successful new venture in honey business and acquisition of a Hong Kong local brand of healthcare food supplements. On the other hand, the market competition was still challenging. All other business segments still faced with tough business environment during the year under review owing to fierce market competition both in Hong Kong and China.

During the year ended 30 June 2016, the investment properties of the Group were only able to produce a small revenue, which main reason is due to the persistent depressive property market in mainland China and adverse situation in property demand in the region where such properties are located.

FINANCIAL REVIEW

Revenue

The Group recorded sales revenue of HK$105.89 million, representing an increase of approximately 281.7% as compared with that of last year. The increase in overall sales revenue was mainly attributed to the successful pricing policy and successful market penetration policy in BIOengergy products, which shows an increase of about HK$37.95 million or 70.9% as compared with that of last year. In the healthcare food segment, a sales revenue of about HK$36.89 million, which is approximately 141 times higher than the previous financial year, has been recorded reflecting the Group's launching of high quality honey imported from New Zealand in China market and sale of healthcare food supplements in Hong Kong market.

Gross profit

The overall gross profit margin of the Group for the year increased by 2.2% to about 32.7% as compared to last financial year. Such increase reflects the effect of latest conservative pricing policy and the effect of newly recorded sales in honey and healthcare food supplements. And it is encouraging that the gross profit of the Group for the year was increased by 309.5% from about HK$8.5 million to HK$34.68 million.

Selling and distribution expenses

Selling and distribution expenses for the year ended 30 June 2016 amounted to about HK$5.74 million, representing an increase of only 19.8% from HK$4.79 million. This represents the management's effective control of direct selling and distribution expenses while its growth rate is much lower than that of sales figures.

Administrative expenses

During the year under review, administrative expenses increased by 108.3% to approximately HK$58.03 million as compared with HK$27.85 million of last year, which was mainly due to the effect of granting of share options during the year, which caused a one off equity-settled share-based payment of HK$14.66 million being charged to this account. Other administrative expenses for the year are in line with the increased level of activities of the Group in business development and procurement of new investment opportunities.

Other operating expenses

For the year ended 30 June, 2016, other operating expenses increased by about 10.5 times to HK$85.50 million which is mainly attributable to the fact that: (1) the portfolio of investment properties held by the Group for the preceding financial year had incurred fair value impairment of approximately HK$13.62 million based on the independent professional assessment conducted as at 30 June 2016; (2) the full impairment provision as at the end of the year for available-for-sale investments amounting to approximately HK$21.70 million held by the Group brought forward from the preceding financial year, which are yet to generate any revenue or provide any realising opportunities for the Group during the year; and (3) during the preceding financial year, the Group had accumulated a large quantity of inventories and failed to completely sell such inventories during the current financial year prior to the expiry of product, and therefore is necessary to make a provision of approximately HK$40.88 million for the obsolete and slow moving inventories in such regard.

Concerning the available-for-sale investments of carrying value of about HK$21.7 million brought forward from the previous financial year, which are unlisted investments in minority stakes in certain companies operating businesses in mainland China, these investments were unable to turn around their operating losses situation and were in net liability financial positions. Therefore, the Company considered these investments being unsustainable and of no further carrying value. As a result, full impairment provision of about HK$21.7 million had made in this financial year.

Segment Results

The substantial provision for obsolete and slow moving inventories had turned the BIOenergy products segment into a significant loss figure for the year. Owing to the newly setup and small scale of operations relative to the setup costs for honey trading operations to be absorbed, the segment of healthcare food products also produced a loss result. The unfavourable operation scale together with certain provision of obsolete inventory rendered the multi-functional water generators segment a disappointing result as well. The "others" segment also faced the same problem of honey business since they included healthcare and skincare product lines were still at their initial stage of contribution to the Group.

Finance costs

Finance costs amounted to approximately HK$0.46 million was paid as interest on secured borrowings. Such costs were HK$0.76 million for last financial year.

Loss for the year

The Group's loss for this year ended 30 June 2016 was about HK$112.81 million, representing a significant increase of 270.5% from HK$30.45 million which was the loss for last year. The increase was mainly attributed to the combined effect of the substantial non-recurring other operating expenses incurred during the year.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June, 2016, the Group employed a total of 81 (30 June, 2015: 66) employees, of which 61 were working in Mainland China (30 June, 2015: 61) and 20 (30 June, 2015: 5) were stationed in Hong Kong. The total salaries (excluding directors' emoluments) for the year was HK$11.07 million (30 June, 2015: HK$7.87 million). Remuneration packages comprises salary, mandatory provident fund, bonus, statutory contributions, medical allowance and share options.

FOREIGN EXCHANGE RISK AND MANAGEMENT

The majority of the Group's operations are located in Mainland China, and the main operational currencies are Hong Kong Dollars and Renminbi. The Company is paying regular and active attention to Renminbi exchange rate fluctuations and consistently assess exchange risks.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June, 2016, net current assets of the Group were about HK$199.53 million (30 June, 2015: HK$85.52 million). The Group's cash and bank balance at that date amounted to HK$39.68 million (30 June, 2015: HK$62.95 million), which was mainly denominated in Hong Kong dollars and Renminbi, and the Group had secured borrowings at the end of this year of HK$5.81 million (30 June, 2015: HK$6.25 million).

As at 30 June, 2016, the Group's current ratio and quick ratio were 7.36 (30 June, 2015: 2.22) and 6.59 (30 June, 2015: 1.53) respectively. The increase in these ratios were mainly due to the increase in liquid working capital through fund raising exercised completed during the year.

The gearing ratio, total bank borrowings divided by total assets at the end of each year, was 1.90% as at 30 June, 2016 (30 June, 2015: 2.65%), the decrease is due to the expansion of total assets of and reduction in bank borrowings during the year.

The Group continued to have no structured investment products, foreign exchange contracts and investments in listed shares, bonds and debentures.

It is the Group's policy to adopt a prudent financial management strategy and maintain a suitable level of liquidity to meet operation requirements and to capture acquisition requirements.

CAPITAL COMMITMENT

As at 30 June, 2016, other than the contractual commitment of HK$5 million of the balance of cash consideration and about HK$112.63 million share consideration which are payable upon completion of an acquisition of equity interests in two ECrent companies, the Group had no other material capital commitments (30 June, 2015: Nil) or investment commitments.

The operating lease commitment for the Group as at 30 June, 2016 was around HK$4.10 million (30 June, 2015: HK$5.45 million).

FINAL DIVIDEND

The Board has resolved not to declare any final dividend for this reporting year.

CONTINGENT LIABILITIES

Neither the Group nor the Company had any significant contingent liabilities at the end of the reporting year.

MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES

At 21 October, 2015, the Group formed a 51% indirectly owned subsidiary with an independent third party in New Zealand with a total capital contribution of NZD51, which is principally engaged in developing, manufacturing, promoting and marketing a reputable brand of Manuka honey and honey-related products. It is the intention of the Group to deploy not more than HK$80 million in this business through this subsidiary as the sourcing company of the Group for exporting into Hong Kong and China market.

On 29 February, 2016, the Group entered into a conditional sales and purchase agreement with an independent third party to acquire Fine Treasure Asia Limited, at a consideration of HK$24 million, which, through its wholly owned subsidiary owns the trademark of a local brand of healthcare food supplements and operates the sales and distribution of such products through an established network in Hong Kong. The acquisition was completed on 1 March, 2016.

On 31 March, 2016, the Group entered into a conditional sales and purchase agreement with an independent third party to acquire Me In Holdings Limited, at a consideration of HK$10 million, which, through its wholly owned subsidiary owns certain trademarks of a Korean brand of beauty care products and operates an internet sales platform in Hong Kong. The acquisition was completed on 12 April, 2016.

Except for the above, the Group had not completed any other material acquisition or disposal of subsidiaries and affiliated companies during the year ended 30 June 2016.

CAPITAL STRUCTURE

1. On 28 May, 2015, the Company issued 333,680,000 shares by way of subscription of new shares by an independent third party on the basis of HK$0.15 per subscription share. The number of the Company's issued shares accordingly, increased from 2,502,611,922 to 2,836,291,922 shares. Upon full completion on 5 August, 2015, the net proceeds raised in this exercise amounted to approximately HK$49.37 million after deducting all the expenses incurred in the subscription. For further details of the share subscription exercise, please refer to the Company's announcements dated 28 May, 2015, 10 July, 2015, 16 July, 2015, 29 July, 2015, 31, July, 2015 and 5 August, 2015 respectively.

2. On 4 November, 2015, the Company entered into a placing agreement with a placing agent and a subscription agreement with a subscriber respectively, which are all independent third parties. Under the placing agreement, the placing agent conditionally agreed to procure, on a best effort basis, a total of not less than six placees to subscribe for a total of 1,600,000,000 new shares of the Company at a placing price of HK$0.10 per share. And under the subscription agreement, the subscriber conditionally agreed to subscribe for 1,100,000,000 new shares of the Company at a subscription price of HK$0.10 per share. The placing exercise was completed by successfully placing out all 1,600,000,000 new shares by the placing agent on 22 January, 2016. After deducting issue expenses, a net proceeds of approximately HK$153.9 million was received by the Company. The subscription agreement was lapsed on 11 April, 2016. For details of the placement and subscription, please refer to the announcements and circular issued by the Company dated 5 November, 2015, 26 November, 2015, 15 December, 2015, 15 January, 2016, 22 January, 2016, 29 January, 2016, 16 March, 2016 and 12 April, 2016.

Out of the total net proceeds of HK$203.27 million raised from the two placing exercises, the Group has (a) used not less than HK$44.40 million at this stage to support the trading operation of Manuka honey and to explore further upstream investment; (b) spent HK$24 million as consideration for an acquisition of a Hong Kong local brand of healthcare food supplements business; (c) spent HK$10 million as consideration for an acquisition of a Korean brand of beauty care products; (d) paid HK$5 million upon signing of the sales and purchase agreement for the acquisition of equity interests in ECrent Hong Kong and ECrent USA; and (e) maintained the remaining balance of about HK$119.87 million as general working capital of the Group mainly for new products and market development, reducing overall liabilities, selling and distribution costs and administrative expenses of the Group's existing business, and for other business opportunities which may arise in the foreseeable future.

At 30 June, 2016, the Group still maintain a cash and bank balance of HK$39.68 million as general working capital.

EVENT AFTER REPORTING PERIOD

1. On 3 May, 2016, the Company entered into a sales and purchase agreement with an independent third party to acquire at a consideration of HK$122,628,579, to be settled by way of cash payment of HK$10 million and 487,992,111 new shares as consideration for the remaining HK$112,628,579, for 100% equity interests in ECrent (Hong Kong) Limited which runs the online rental platform business under the ECrent license in Hong Kong, and 0.34% equity interests or 407,106 shares in ECrent (USA) Company Limited which runs the online rental platform business under the ECrent license in the United States. On 12 August, 2016, the transaction was completed with both cash and share consideration paid. For further details, please refer to the announcements of the Company dated 4 May, 2016, 31 May, 2016, 29 July, 2016, and 12 August, 2016.

2. On 8 July, 2016, the Company entered into a memorandum of understanding with a vendor in which a director of the Company has 15% equity interests, for an intended acquisition of 100% equity interest in a target group of companies operating a e-commerce platform (known as 消費寶 "Xiaofeibao") in mainland China under a "Factory to Consumer"(F2C) business model which promotes disintermediation of the traditional model of middleman distribution channels. No formal sales and purchase agreement has yet been reached at the reporting date. For details, please refer to the announcement of the Company dated 8 July, 2016.

3. On 10 September, 2016, the Company entered into a memorandum of understanding with a vendor for an intended further acquisition of interests in whole or in part of the vendor's group of companies known as the ECrent Group, which together with its affiliates across the globe, is primarily engaged in operating an online global sharing platform worldwide. Pursuant to the memorandum of understanding, the Company intended to purchase and the vendor intended to sell equity interests of certain companies in ECrent Group which operate ECrent online rental platform in 31 countries and regions around the world. No formal sales and purchase agreement has yet been reached at the reporting date. For details, please refer to the announcement of the Company dated 10 September, 2016.

CONTINGENT LIABILITIES

Neither the Group nor the Company had any significant contingent liabilities at the end of the reporting period.

FINAL DIVIDEND

The board of directors (the "Board") did not recommend any final dividend for the year ended 30 June 2016.

PROSPECTS

Facing the challenge of the recent slowing down of both Hong Kong and mainland China's economic growth, the Board believes the situation could still last for some time and could impact various industries and businesses to different magnitudes. While market sentiments currently tend to discourage new ventures, the Board, however, strongly believes that new opportunities always emerge under rippling business environment, and accordingly has been proactively but cautiously steering the business development of the Group, as well as continual search of new projects that can strengthen the Group's businesses further.

Even though growing number of strong competitors exists in the healthcare products and healthcare food and supplements industries, the Group is confident that the reputation of Vitop healthcare products and other newly launched brands of healthcare food and supplements would continue to be well accepted by the vast number of consumers of mainland China and Hong Kong. With the encouraging sales growth of the Group during this year, the management shall continue to seek further advancement in this business segment.

The Group believes that evolution of technology will facilitate new innovative business models to replace certain traditional business models existing in the world, among which the Group is optimistic about the development of the global online sharing platform business. During the year under review, the Group entered into an agreement to acquire a 100% interests in ECrent Hong Kong and a small equity interests in ECrent USA. The Board considered both of these companies are well-positioned in the online rental platform business in Hong Kong and the USA respectively. The acquisition was completed on 12 August 2016. These target companies have been carrying on business based on the theory of sharing economy, and they aim at promoting the concept of environment protection through a new media at a global level and advocates a sustainable sharing platform. The vendor of these investments actually established a global network of platforms in over 30 countries and region around the world, allowing visitors to post and upload at liberty rental information and requests on products and services with an aim to cater for the 7.3 billion global population and to provide better and more efficient services. The Group is confident that the business of ECrent will be developing rapidly.

The management continues from time to time to seek new investment opportunities in different industries that could enhance corporate development and broaden the income base of the Group. Between July and August 2016, the Group has sign two memoranda of understanding and a strategic cooperation framework agreement for the respective purposes of (i) looking into feasibility of investing further in ECrent's operations in other countries and regions, (ii) investing in a e-commerce platform related business in the PRC, which, through its e-commerce platform (known as 消費寶 (Xiaofeibao*)), operates in the "Factory to Consumer" (F2C) business model; and (iii) by establishing strategic cooperation with Jiangzhong Pharmaceutical (Group) Co, Ltd. in respect of products, production, channels, brands and other aspects in the future to jointly develop pharmaceuticals, healthcare products, food and fast moving consumer goods markets in Mainland China and Hong Kong and the rest of the world.

On the ground that the Group is approaching the new economic models such as internet commerce, the Board is proposing to change the Company name to "Share Economy Group Limited" to reflect the current status of the Group's business development and its direction of future evolution. Should any suitable business opportunity arise, the Group may deploy new resources to support such new opportunities. Meanwhile, the Directors are cautiously optimistic about perpetuating the Group's steady growth over the long term.

The directors present their report and the audited consolidated financial statements of Vitop Group Ltd (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 30 June 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are manufacturing and trading of BIOenergy products, healthcare food products, multifunctional water generators, other healthcare products and letting properties for rental income in the People's Republic of China, excluding Hong Kong and Macau.

RESULT AND APPROPRIATIONS

The results of the Group for the year ended 30 June 2016 and the state of affairs of the Group and the Company as at that date are set out in the audited consolidated financial statements on pages 33 to 101.

The directors do not recommend the payment of any dividends to shareholders of the Company for the year ended 30 June 2016.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and the assets, liabilities and minority interests of the Group for the last five financial years is set out on page 102. This summary does not form part of the audited consolidated financial statements.

DONATION

No donation has been made by the Group during the year ended 30 June 2016 (2015: Nil).

PROPERTY, PLANT AND EQUIPMENT

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

INTANGIBLE ASSETS

Details of the movement in the Group's intangible assets during the year is set out in note 16 to the audited consolidated financial statements.

SHARE CAPITAL

Details of the movements in the Company's share capital during the year, together with the reasons therefore, are set out in note 27 to the audited consolidated financial statements.

SHARE OPTION SCHEME

The purpose of the Share Option Scheme is to enable the Company to grant Options to the directors (including executive directors, non-executive directors and independent non-executive directors) and employees of the Group whom the Board considers, in its sole discretion, have contributed or will contribute to the Group ("Participants") who, in the sole discretion of the Board, have made or may make contribution to the Group as well as to provide incentives and help the Group in retaining its existing employees and recruiting new employees and to provide them with a direct economics interest in attaining the long term business objectives of the Group.

Under the Share Option Scheme, the Board has the authority to set terms and conditions in the grant of the Options, in particular, the terms in relation to the minimum period of the Options to be held, the performance targets to be achieved before such Options can be exercised and the subscription price. With such authority and flexibility, the Board may assess the circumstance of each Participant and impose different terms and conditions in the grant of the Options to the Participants as they consider appropriate with a view to achieving the purpose of the Share Option Scheme.

The principal terms of the Share Option Scheme are as follows:

(i) The maximum number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not, in the absence of Shareholders' approval, in aggregate exceed 10 per cent. in nominal amount of the aggregate of the Shares in issue on the annual general meeting held on 2 December 2014 ("Adoption Date") (the "Scheme Mandate Limit"). Options lapsed in accordance with the terms of the Share Option Scheme and (as the case may be) such other share option schemes of the Company will not be counted for the purpose of calculating the Scheme Mandate Limit.

(ii) At any time, the maximum number of the Shares which may be issued upon exercise of all Options which then has been granted and have yet to be exercised under the Share Option Scheme and any other share option schemes of the Company shall not exceed 30 per cent. (or such higher percentage as may be allowed under the Listing Rules) of the Shares in issue from time to time (the "Scheme Limit").

(iii) Subject to (iv) below, the maximum number of the Shares issued and to be issued upon exercise of the Options granted to each Grantee under the Share Option Scheme (including both exercised and outstanding Options) in any 12-month period shall not (when aggregated with any Shares subject to options granted during such period under any other share option scheme(s) of the Company other than those options granted pursuant to specific approval by the Shareholders in a general meeting) exceed 1 per cent. of the Shares in issue for the time being (the "Individual Limit").

(iv) Where any further grant of Options to a Participant would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such person (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1 per cent. of the Shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such Participant and his associates abstaining from voting. The Company must send a circular to the Shareholders disclosing the identity of the Participant in question, the number and terms of the Options to be granted (and Options previously granted to such Participant) and such other information required under the Listing Rules. The number and terms (including the Subscription Price) of Options to be granted to such proposed Grantee must be fixed before the Shareholders' approval and the date of meeting of the Board for proposing such further grant should be taken as the Date of Grant for the purpose of calculating the Subscription Price.

(v) The Subscription Price shall be determined by the Board in its absolute discretion but in any event shall not be less than the highest of:

  (a) the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the Date of Grant which must be a Business Day;

  (b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the 5 Business Days immediately preceding the Date of Grant; and

  (c) the nominal value of the Shares.

(vi) On and subject to the terms of the Share Option Scheme and the Listing Rules, the Board shall be entitled at any time within 10 years after the Adoption Date to make an Offer to any Participant as the Board may in its absolute discretion select to take up an Option pursuant to which such Participant may, during the Option Period, subscribe for such number of the Shares as the Board may determine at the Subscription Price. The Offer shall specify the terms on which the Option is to be granted. Such terms may at the discretion of the Board, include, among other things, (i) the minimum period for which an Option must be held before it can be exercised; and/or (ii) a performance target that must be reached before the Option can be exercised in whole or in part; and (iii) any other terms, all of which may be imposed (or not imposed) either on a case-by-case basis or generally.

(vii) An Offer shall be made to a Participant by letter in such form as the Board may from time to time determine requiring the Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the Share Option Scheme and shall remain open for acceptance by the Participant concerned for a period of 7 days from the Date of Grant provided that no such Offer shall be open for acceptance after the expiry of the Option Period or after the Share Option Scheme has been terminated in accordance with the terms hereof or after the Participant for whom the Offer is made has ceased to be a Participant.

(viii) An Offer is deemed to be accepted when the Company receives from the Grantee the Offer letter signed by the Grantee specifying the number of the Shares in respect of which the Offer is accepted and a remittance to the Company of HK$1.00 as consideration for the grant of Option. Such remittance is not refundable in any circumstances.

(ix) The Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which period no further Options shall be offered or granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects. Options granted during the life of the Share Option Scheme shall continue to be exercisable in accordance with their terms of grant after the end of the 10 year period.

Movements in the number of share options outstanding and their exercise prices are as follows:

	Number of share options						
Name of category/participant	**At 1 July 2015**	**Granted during the year**	**Exercised during the year**	**At 30 June 2016**	**Date of granted**	**Exercise period**	**Exercise price (HK$)**
Employees/consultants							
In aggregate	–	282,000,000	(20,000,000)	262,000,000	21 March 2016	21/3/2016 –20/3/2026	0.145

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision is in force for the benefit of all directors during the year ended 30 June 2016 and at the date of approval of this report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year, there were no purchase, sale or redemption by the Company, or any its subsidiaries, of the Company's listed securities.

RESERVES

Details of the movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity and note 29 to the audited financial statements, respectively.

DISTRIBUTABLE RESERVES

As at 30 June 2016, the Company's reserve available for distribution, calculated in accordance with the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to HK$155 million. This includes the Company's share premium account, in the capital amount of HK$419 million as at 30 June 2016, which may be distributed provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business. The share premium account may also be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

During the year under review, the percentage of sales to the Group's five largest customers accounted for 86.64% of the Group's total sales for the year and sales to the largest customer included therein amounted to 33.17%. Purchases from the Group's five largest suppliers accounted for 81.48% of the total purchases for the year and purchases from the largest supplier included therein amounted to 38.24%.

To the best knowledge of the directors, neither the directors, their associates, nor any shareholders who owned more than 5% of the Company's issued share capital, had any beneficial interest in the Group's five largest customers and/or five largest suppliers during the year.

DIRECTORS

The directors of the Company during the year and up to the date of this report were as follows:

Executive Directors

Mr. Xu Zhifeng
Mr. Chan Shun Yee
Mr. Liu Min
Mr. Zhou Guohua (appointed on 8 August 2016)
Mr. Zhang Wen (resigned on 16 November 2015)
Mr. Han Qingyun (resigned on 7 September 2015)

Non-executive Director

Mr. Chau Yu-Lung Jimmy (appointed on 30 December 2015)

Independent Non-executive Directors

Mr. Su Rujia (appointed on 23 July 2015 and further appointed as chairman on 7 September 2015)
Mr. Wong Tat Yan Paul
Ms. Zhu Yanzhou (appointed on 23 October 2015)
Mr. Li Xinzhong (resigned on 6 November 2015)
Ms. Zhu Jinghua (resigned on 23 July 2015)
Mr. Deng Zhiqiang (resigned on 23 July 2015)

In accordance with article 83(3) of the article of association of the Company, Mr. Zhou Guohua who was appointed by the Board on 8 August 2016 as executive Director and Mr. Chau Yu-Lung Jimmy who was appointed by the Board on 30 December 2015 as Non-executive Director shall retire from office at the forthcoming annual general meeting of the Company and shall offer themselves for re-election.

In accordance with article 84(1) of the article of association of the Company, Mr. Chan Shun Yee and Mr. Liu Min will retire by rotation at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election at the annual general meeting in accordance with article 84(2) of the articles of association.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 19 to 20 of the annual report.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Liu Min, Mr. Chan Shun Yee, Mr. Chau Yu-Lung Jimmy, Mr. Wong Tat Yan Paul, Mr. Su Rujia and Ms. Zhu Yanzhou, has not entered into a director's service agreement with the Company. They are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the articles of association of the Company. Mr. Xu Zhifeng and Mr. Zhou Guohua had entered into a service contract with the Group for an initial fixed terms of contract from 14 May 2015 and 8 August 2016 respectively for two years.

Save as disclosed above, no director 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 statutory compensation).

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its independent non-executive director the annual confirmation of his independence pursuant to rule 3.13 of the Listing Rules. The Company based on such confirmation, considers that the three independent non-executive directors of the Company are independent as at the date of this annual report.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in the note, there was no contract of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interests, whether directly or indirectly subsisted at the end of the year or at any time during the year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND THE ASSOCIATED CORPORATIONS

As at 30 June 2016, the interests and short positions of the directors of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Appendix 10 of Listing Rules, were as follows:

Long Positions in the Shares and Underlying Shares of the Company

Name of director	Capacity	Number of shares held	Approximate percentage of interest
Han Qingyun (note)	Beneficial owner	27,234,246 (long position)	0.61%

Note: Mr. Han Qingyun resigned on 7 September 2015.

Save as disclosed above, as at 30 June 2016, as far as the directors of the Company are aware, none of the directors of the Company had any other interests, long positions or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' REMUNERATION

The directors' fee is subject to shareholders' approval at general meeting. Other emoluments are determined by the Company's Board or its remuneration committee with reference to directors' duties, responsibilities and performance and the results of the Group.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed herein, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities including debentures of, the Company or any other body corporate and none of the directors or their spouses or children under the age of 18 had any right to subscribe for securities of the Company, or had exercised any such right during the year.

SUBSTANTIAL MEMBERS' INTERESTS

So far as is known to any director of the Company, as at 30 June 2016, other than the interests of the Directors and Chief Executive Officer as disclosed above, the following persons had interests in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO. The number of issued share capital as at 30 June 2016 was 4,456,291,922.

Long positions in the shares and underlying shares of the Company

Name	Note	Capacity	Number of shares held	Approximate percentage of interest
Lau Ping Kee	(a)	Interest in controlled corporation	500,000,000 (long position)	11.22%
Golden Creation Enterprise Limited	(a)	Corporate interest	500,000,000 (long position)	11.22%
Ma Jianchun		Personal interest	466,590,000 (long position)	10.47%
Du Yonghong		Personal interest	352,720,000 (long position)	7.92%
Cheung Kwan	(b)	Personal and Interest in controlled corporation	318,680,000 (long position)	7.15%
City Winner Holdings Limited	(b)	Corporate interest	258,680,000 (long position)	5.80%
Zhou Guohua	(c)	Personal interest	278,370,000 (long position)	6.25%

Note:

(a) Golden Creation Enterprise Limited is wholly owned by Lau Ping Kee.

(b) City Winner Holdings Limited is wholly owned by Cheung Kwan.

(c) Zhou Guohua became a director of the Company after 30 June 2016.

EMPLOYEES AND REMUNERATION POLICIES

The remuneration policy of the employees of the Group is set up by the Remuneration Committee on the basis of the merits, qualifications and competence of employees. The emoluments of the directors of the Company are decided by the Remuneration Committee with regard to the Group's operating results, individual performance and comparable market statistics. None of the directors of the Company or any of their associates, and executive is involved in deciding his own remuneration. As at 30 June 2016, the Group had 81 employees (2015: 66 employees). The Group remunerates its employees based on their individual performance, job nature and responsibilities. Moreover, the Group provides its employees with training and various benefits including medical care, provident funds, bonuses and other incentives.

CORPORATE GOVERNANCE

The Company's corporate governance principles and practices are set out in the Corporate Governance Report of this annual report.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year and up to the date of this report, none of the directors of the Company is interested in any business apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

CHANGES IN INFORMATION OF DIRECTOR

There were no changes in information of directors since the date of 2016 interim report of the Company pursuant to Rule 13.51(B)(1) of the Listing Rules.

INDEPENDENT AUDITOR

Elite Partners CPA Limited has been appointed as the auditor of the Company since 18 February 2013.

The Company's auditor, Elite Partners CPA Limited, who retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Elite Partners CPA Limited as the Company's auditor will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Xu Zhifeng
Director

Hong Kong, 27 September 2016

EXECUTIVE DIRECTORS

Mr. Liu Min (劉敏), aged 46, has been appointed as an executive director of the Company since April 2015. He is also the director of a subsidiary of the Group. Mr. Liu has a MBA from China Europe International Business School. He has over 20 years experience in the financial industry, including the areas of international finance, investment banking, asset management, and has served as presidents of a number of large financial institutions, including the stated-owned financial institutions, the listed financial institutions and foreign financial institutions in China. Mr. Liu possesses strong skills and experience in the management and operations of financial institutions. Mr. Liu had lead and organized projects involved in the fields of construction of infrastructure, mining, traditional energy, new energy and internet information industry, health care and etc.

Mr. Chan Shun Yee (陳信義), aged 44, has been appointed as an executive director of the Company since April 2015. He is also the director of the subsidiaries of the Group. Mr. Chan has a MBA and Bachelor of Arts in Finance Major graduated from Seattle University in U.S.A. Mr. Chan has been appointed as directors for several companies in Hong Kong for the past 18 years focusing in management and company restructuring.

Mr. Xu Zhifeng (許志峰), aged 53, has been appointed as an executive director of the Company since May 2015. He is also the directors of certain subsidiaries of the Group. Mr. Xu graduated from Jinan University. He has over 30 years of experience in production management, especially rich in practical experience in terms of internal management, risk control, integration between corporates and restructuring.

Mr. Zhou Guohua (周國華), aged 44, has nearly twenty years of experience in corporate management and industrial investment. Mr. Zhou is a holder of Global Finance GFD of PBC School of Finance, Tsinghua University. He successively served as president and CEO of Greater China region for Rimbunan Hijau Group, a World Top 500 Company, director and general manager of Contemporary Eastern Investment Co., Ltd. (a company listed on main board of Shenzhen Stock Exchange in China, stock code: 000637) and CEO of Greater China region for One Media Group (a company listed on main board of SEHK, stock code: 000426.hk). Mr. Zhou currently acts as an independent director of He Li Chen Guang International Culture Media Co., Ltd. (a company listed on the New Third Board of China, 836201.OC). Mr. Zhou has been engaged in planning, operating and management of media culture, new media and pan-entertainment industries for years and is experienced in management and operation of companies listed in Hong Kong and mainland China.

NON-EXECUTIVE DIRECTOR

Mr. Chau Yu-Lung Jimmy (周雨龍), aged 42, works in the private equity industry in the Greater China region. Prior to being an investment professional, Mr. Chau was the CFO for a handful of Internet technology start-ups. Mr. Chau had been an independent non-executive director of Takson Holdings Limited (stock code: 918) from 2005 to 2015. Before becoming an entrepreneur, Mr. Chau had spent 5 years in the Listing Division of the Hong Kong Exchanges and Clearing Limited (HKEx), after beginning his professional career in Deloitte Touche Tohmatsu in Hong Kong. Mr. Chau holds a Bachelor of Commerce degree from the University of Toronto, Canada and a practising certificate of the American Institute of Certified Public Accountants (AICPA).

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Tat Yan Paul (黃達仁), aged 46, has been appointed as an independent non-executive director of the Company since May 2015. Mr. Wong obtained a bachelor's degree in commerce from James Cook University of North Queensland in Australia in 1993 and a master's degree in business administration from the University of Queensland in Australia in 2004. Mr. Wong is a practising certified public accountant in Hong Kong, a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Taxation Institute of Hong Kong and a fellow member of the Taxation Institute of Australia. He has over 20 years of experience in auditing, accounting and taxation gained by taking up various positions in a number of accounting firms in Hong Kong and is currently the proprietor of Paul Wong & Co. CPAs, a certified public accountants firm in Hong Kong. Mr. Wong currently also serves as an independent non-executive director of South West Eco Development Limited (stock code : 1908) which is listed on the main board of the Stock Exchange.

Mr. Su Rujia (蘇汝佳), aged 66, has been appointed as an independent non-executive director of the Company since July 2015 and further appointed as the chairman of the board on 7 September 2015. Mr. Su holds a Master in Business Administration degree from International East-West University of America (美國國際東西方大學). He had been appointed as a Committee Member of The Communist Party of Committee of Shenzhen (中共深圳市委委員), a Committee Member of Political of Association Shenzhen Committee (政協深圳市委員會常委) and a Deputy Director of Main Branch of Economic Technology Committee (經濟科技委員會正局級副主任). He has extensive managerial experience in government and enterprises. Mr. Su currently serves as an independent non-executive director of Applied Development Holdings Limited (stock code: 519) which is listed on the main board of the Stock Exchange.

Ms. Zhu Yanzhou (諸燕舟), aged 34, graduated from East China University of Political Science and Law, major in International and Economic laws, in 2004. She is currently a senior partner of Shanghai Heqin Lawyer Firm. Ms. Zhu has more than 10 years' experiences in law consultancy services to various enterprises.

SENIOR MANAGEMENT

Mr. Yeung Shun Kee, aged 57, has been appointed as the authorized representative, company secretary and chief financial officer of the company since 24 September 2015. Mr. Yeung is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Yeung has extensive experience in accounting, auditing, taxation and company secretarial works.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to establish and maintain high standards of corporate governance. The directors of the Company believe that sound and reasonable corporate governance practices are essential for the growth of the Group and for safeguarding and maximizing shareholders' interests.

During the year, the Company has applied the principles and complied with the code provisions set out in the Code on Corporate Governance practices (the "Code") contained in Appendix 14 to the Listing Rules, except for the deviations from code provisions A.4.1, A.5.1, A.6.7 and E.1.2 as stated and explained below.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by directors of Listed Issuers at set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code for securities transactions by directors. All members of the Boards have confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code during the year.

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Wen (resigned on 16 November 2015)
Mr. Liu Min
Mr. Chan Shun Yee
Mr. Xu Zhifeng
Mr. Han Qingyun (resigned on 7 September 2015)
Mr. Zhou Guohua (appointed on 8 August 2016)

Non-executive Director

Mr. Chau Yu-Lung Jimmy (appointed on 30 December 2015)

Independent Non-executive Directors

Mr. Wong Tat Yan Paul
Mr. Su Rujia (appointed on 23 July 2015 and further appointed as chairman on 7 September 2015)
Mr. Li Xinzhong (resigned on 6 November 2015)
Ms. Zhu Jinghua (resigned on 23 July 2015)
Mr. Deng Zhiqiang (resigned on 23 July 2015)
Ms. Zhu Yanzhou (appointed on 23 October 2015)

The Board assumes responsibility for leadership and control of the Company and shall be collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs. The Board formulates overall strategies and policies of the Group and monitors the performance and activities of the management. With delegating authorities from the Board, the management of the Company is responsible for the day-to-day operations of the Group.

To the best knowledge of the Company, there is no financial, business, family or other material or relevant relationships among members of the Board.

During the year ended 30 June 2016, 42 full board meetings (including four regular board meetings) were held and the individual attendance of each director at the board meetings was as follows:

Directors	Board meeting Attendance	General meeting Attendance
Executive Directors		
Mr. Zhang Wen (resigned on 16 November 2015) (note 1)	12/14	0/3
Mr. Liu Min	24/42	0/3
Mr. Chan Shun Yee	42/42	3/3
Mr. Xu Zhifeng	39/42	3/3
Mr. Han Qingyun (resigned on 7 September 2015) (note 2)	0/4	N/A
Mr. Zhou Guohua (appointed on 8 August 2016) (note 3)	N/A	N/A
Non-executive Director		
Mr. Chau Yu-Lung Jimmy (appointed on 30 December 2015) (note 4)	8/25	0/3
Independent Non-executive Directors		
Mr. Wong Tat Yan Paul	29/42	3/3
Mr. Su Rujia (appointed on 23 July 2015 and further appointed as chairman on 7 September 2015)	24/42	N/A
Mr. Li Xinzhong (resigned on 6 November 2015) (note 5)	0/12	0/1
Ms. Zhu Jinghua (resigned on 23 July 2015)	0/1	N/A
Mr. Deng Zhiqiang (resigned on 23 July 2015)	0/1	N/A
Ms. Zhu Yanzhou (appointed on 23 October 2015) (note 6)	4/33	0/3

Notes:

1. Mr. Zhang Wen resigned as executive director and chief executive officer on 16 November 2015.
2. Mr. Han Qingyun resigned on 7 September 2015.
3. Mr. Zhou Guohua was appointed on 8 August 2016.
4. Mr. Chau Yu-Lung Jimmy was appointed on 30 December 2015 and he was eligible to attend 8 board meetings.
5. Mr. Li Xinzhong resigned on 6 November 2015.
6. Ms. Zhu Yanzhou was appointed on 23 October 2015 and she was eligible to attend 4 board meetings.

Code provision A.6.7 of the Code requires that independent non-executive directors and other non-executive directors shall attend general meetings and develop a balanced understanding of the views of shareholders. Ms. Zhu Yanzhou, being the independent non-executive director, and Mr. Chau Yu-Lung Jimmy, being the non-executive director, did not attend the Company's annual general meeting held on 31 December 2015 due to other unexpected business engagement.

Under code provision E.1.2 of the Code, the Chairman of the Board should attend and should be available to answer questions at the annual general meeting of the Company. Due to unexpected business engagement, the Chairman of the Board was unable to attend the annual general meeting of the Company held on 31 December 2015 in person, but the Chairman of the Board has already delegated to one of the executive directors of the Company to chair the meeting on his behalf.

For a regular board meeting, notice of at least fourteen days is given to all directors of the Company, who are given an opportunity to include matters in the agenda for discussion, and an agenda and accompanying board papers are sent to all directors of the Company at least three days before the intended date of a regular board meeting.

Minutes of board meetings and meetings of board committees are kept by the secretary of the Company and are open for inspection at any reasonable time on reasonable notice by any director of the Company. Draft and final versions of minutes of board meetings are sent to all directors of the Company for their comment and records respectively, in both cases within a reasonable time after the board meeting is held.

The Board also ensures that it is supplied in a timely manner with all necessary information in a form and of a quality appropriate to enable it to discharge its duties.

Every Board member has full access to the advice and services of the company secretary with a view to ensuring that Board procedures, and all applicable rules and regulations are followed and they are also entitled to have full access to Board papers and related materials so that they are able to make an informed decision and to discharge their duties and responsibilities.

Appropriate insurance cover has been arranged in respect of legal action against the directors and officers of the Group.

Non-executive Directors

Under Code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term and be subject to re-election.

The non-executive director and three independent non-executive directors were not appointed for a specific term, but are subject to retirement no later than the third annual general meeting after their respective elections in accordance with the Company's articles of association.

Listing Rules 3.10A

Pursuant to Rules 3.10A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the Company is required to appoint independent non-executive directors representing at least one-third of the board. Following the appointment of Ms. Zhu Yanzhou, Mr. Chau Yu-Lung Jimmy and Mr. Zhou Guohua as independent non-executive director, non-executive director and executive director on 23 October 2015, 30 December 2015 and 8 August 2016 respectively, the composition of the Board comprised four (4) executive directors, one (1) non-executive director and three (3) independent non-executive directors. The number of independent non-executive directors on the Board represented not less than one-third of the members from the Board as required under rule 3.10A of the Listing Rules.

Independent Non-executive Directors

The Board has been in compliance with Rule 3.10(1) of the Listing Rules, which requires a company to maintain at least three independent non-executive directors in the Board, and with Rule 3.10(2) of the Listing Rules, which requires one of those independent non-executive directors to be specialised in accounting or relevant financial management. The Company has received the confirmation of each of the independent non-executive directors confirming that they are in compliance with Rule 3.13 of the Listing Rules in respect of their independence. The Company is of the opinion that all of the independent non-executive directors are independent.

REMUNERATION COMMITTEE

The Remuneration Committee comprises three independent non-executive directors of the Company, namely Mr. Wong Tat Yan Paul, Mr. Su Rujia and Ms. Zhu Yan Zhou.

The Remuneration Committee meets at least once a year. The terms of reference of Remuneration Committee are available on the Company's website at www.vitop.com.hk and the website of the Stock Exchange.

The role and function of the Remuneration Committee primarily include reviewing, considering and approving proposals as well as making recommendations to the Board on the Company's policy and structure relating to the remuneration of directors and senior management. During the year ended 30 June 2016, the Remuneration Committee held three meetings.

The individual attendance of each member at the Remuneration Committee meetings was as follows:

Members	**Attendance**
Mr. Wong Tat Yan Paul (note 1)	2/2
Mr. Su Rujia (appointed on 23 July 2015) (note 2)	2/2
Mr. Li Xinzhong (resigned on 6 November 2015) (note 3)	N/A
Ms. Zhu Jinghua (resigned on 23 July 2015) (note 4)	N/A
Mr. Deng Zhiqiang (resigned on 23 July 2015) (note 5)	N/A
Ms. Zhu Yanzhou (appointed on 23 October 2015) (note 6)	N/A

Notes:

1 Mr. Wong Tat Yan Paul was appointed on 14 May 2015 and he was eligible to attend all Remuneration Committee meeting.

2. Mr. Su Rujia was appointed on 23 July 2015 and he was eligible to attend all Remuneration Committee meeting.

3. Mr. Li Xinzhong resigned on 6 November 2015 and he was not eligible to attend any Remuneration Committee meeting.

4. Ms. Zhu Jinghua resigned on 23 July 2015 and she was not eligible to attend any Remuneration Committee meeting.

5. Mr. Deng Zhiqiang resigned on 23 July 2015 and he was not eligible to attend any Remuneration Committee meeting.

6. Ms. Zhu Yanzhou was appointed on 23 October 2015 and she was not able to attend any Remuneration Committee meeting due to unexpected business engagement.

During the meetings, the Remuneration Committee reviewed the remuneration packages for all directors of the Company and senior management of the Group, the employee's salary increment proposal and relevant reports.

Details of remuneration paid to members of senior management fell within the following bands:

	Number of individuals
HK$0 – HK$1,000,000	3
HK$1,000,000 – HK$2,000,000	3

AUDIT COMMITTEE

The Audit Committee of the Company was established on 18 January 2002. The Audit Committee comprises three independent non-executive directors of the Company, namely Mr. Wong Tat Yan Paul (chairman of the committee), Mr. Su Rujia and Ms. Zhu Yanzhou. Mr. Wong Tat Yan Paul possesses appropriate professional accounting qualifications and related financial management expertise as required under rule 3.10 (2) of the Listing Rules.

The Audit Committee meets at least two times a year. The terms of reference of Audit Committee are available on the Company's website at www.vitop.com.hk and the website of the Stock Exchange.

The primary duties of the Audit Committee include the review and supervision of the financial reporting process and internal control system, and the review of the interim and annual reports of the Group.

During the year ended 30 June 2016, two meetings were held by the Audit Committee to review the annual report of the Group for the year ended 30 June 2015 and the interim report of the Group for the six months ended 31 December 2015 before submission to the Board for approval, and to provide advice and comments thereon to the Board. The individual attendance of each member at the Audit Committee meetings was as follows:

Members	Attendance
Mr. Wong Tat Yan Paul (appointed on 14 May 2015)	2/2
Mr. Su Rujia (appointed on 23 July 2015)	2/2
Mr. Li Xinzhong (resigned on 6 November 2015)	0/2
Ms. Zhu Jinghua (resigned on 23 July 2015)	N/A
Mr. Deng Zhiqiang (resigned on 23 July 2015)	N/A
Ms. Zhu Yanzhou (appointed on 23 October 2015) (note 1)	0/2

Notes:

1. Ms. Zhu Yanzhou was appointed on 23 October 2015 and she was not able to attend any Audit Committee meeting due to unexpected business engagement.

For the year ended 30 June 2016, the work performed by the Audit Committee included:

- reviewing the annual report which comprised the audited consolidated financial statements for the year ended 30 June 2016; and
- reviewing the final result announcement; and
- reviewing the interim report and interim result announcement; and
- reviewing the significant accounting issues raised by the management; and
- reviewing the Company's compliance with regulatory and statutory requirements; and
- reviewing the Group's risk management process; and
- reviewing the Group's internal control system.

The Audit Committee of the Company has reviewed the Group's financial results for the year ended 30 June 2016.

NOMINATION OF DIRECTORS

Code A.5.1 provides that the Company should establish a nomination committee. The Board is empowered under the articles of association of the Company to appoint any person as a director of the Company either to fill a casual vacancy or as an addition to the existing Board. The Board as a whole is responsible for considering the suitability of an individual to act as a director of the Company, and approving and terminating the appointment of a director of the Company.

The executive directors of the Company are responsible for selecting and recommending suitable candidates for members of the Board based on their character, qualifications, experience and background, when there is a vacancy or an additional director is considered necessary. The recommendations of the executive directors are then put forward for consideration by the Board. The Chairman and the other directors review from time to time the composition of the Board. The Board makes recommendations to shareholders on directors standing for re-election, providing information on directors to enable shareholders to make an informed decision on the re-election, and where necessary, to appoint directors to fill casual vacancies.

AUDITOR'S REMUNERATION

During the year ended 30 June 2016, the remuneration paid/payable to the Company's auditor, Elite Partners CPA Limited, is set out as follows:

Nature of Services	**Fee paid/payable** HK$'000
Audit services	740
Non-audit services	80
Total:	820

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES ON THE ACCOUNTS

The directors of the Company acknowledge their responsibility for preparing the accounts of the Group for the year ended 30 June 2016.

The statement by Messrs. Elite Partners CPA Limited, the existing external auditor of the Company, with regard to its reporting responsibilities on the accounts of the Group is set out in the Independent Auditor's Report on pages 31 and 32.

As at 30 June 2016, the directors of the Company 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 upon the Company's ability to continue as a going concern. Accordingly, the directors of the Company have prepared the accounts of the Group on a going concern basis.

CONTINUOUS PROFESSIONAL DEVELOPMENT

Each newly appointed director of the Company receives induction on the first occasion of his/her appointment, so as to ensure that he/she has an appropriate understanding of the business and operations of the Company.

To assist directors' continuing professional development ("CPD"), the Company recommends directors to attend relevant seminars to develop and refresh their knowledge and skills. All directors also participate in continuous professional development programmes to develop and refresh their knowledge and skills in relation to their contribution to the Board. A record of the training received by the respective directors are kept and updated by the Company Secretary of the Company.

During the year ended 30 June 2016, all directors have participated in continuous professional development by attending CPD sessions or reading the relevant materials to develop and refresh their knowledge and skills.

All the directors also understand the importance of continuous professional development and are committed to participating any suitable training to develop and refresh their knowledge and skills.

CORPORATE GOVERNANCE FUNCTIONS

No corporate governance committee has been established and the Board as a whole is responsible for performing the corporate governance duties including:

(a) to develop and review the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of directors and senior management;

(c) to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements; and

(d) to review the Company's compliance with the code and disclosure in the Corporate Governance Report.

BUSINESS MODEL AND STRATEGY

The Group has the mission to excelling the maintaining and trading of multifunctional water generators, BIOenergy products, healthcare food products, other healthcare products and letting properties for rental income business whilst maintaining long term profitability and assets growth with adoption of flexible business model and strategy and prudential risk and capital management framework. The Board have played and will continue to play a proactive role in the Group's development of business model to preserve the culture of the Group in serving customers well with premium service quality; the Group's business strategic drive for business expansion and opportunities; and the Group's setting of strategic goals, priorities and initiatives undertaken to motivate staff to achieve business and financial targets. Details of the Group's Business Review and Financial Review in the year 2016 are set out in the "Management Discussion and Analysis" section of this annual report.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The procedures and process of appointment, re-election and removal of Directors are laid down in the Company's Articles of Association. The Board as a whole is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment and succession planning of Directors and assessing the independence of Independent Non-executive Directors.

According to Article 84(1), one-third of the Directors for the time being, or if their number is not a multiple of three, then the number nearest to but not less than one-third shall retire from office by rotation at every Annual General Meeting provided that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. Mr. Chan Shun Yee and Mr. Liu Min as Executive Director shall retire from office at Annual General Meeting and shall offer himself for re-election.

According to Article 83(3), Mr. Zhou Guohua who was appointed by the Board on 8 August 2016 as executive directors and Mr. Chau Yu-Lung Jimmy who was appointed by the Board on 30 December 2015 as non-executive director shall retire from office at the Annual General Meeting and shall offer themselves for re-election.

The Independent Non-executive Directors were not appointed for a fixed term but are subject to re-election at general meetings.

Board Diversity Policy

The Board has adopted a Board Diversity Policy in 26 September 2014 which sets out the approach to achieve diversity on the Board.

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance.

The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Company will also take into consideration its own business model and specific needs from time to time in determining the optimum composition of the Board.

The Board has set measurable objectives based on four focus areas: gender, age, working experience and ethnicity to implement the Board Diversity Policy. Such objectives will be reviewed from time to time to ensure their appropriateness and the progress made towards achieving those objectives will be ascertained. The Board will review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time.

COMPANY SECRETARY

Mr. Yeung Shun Kee was appointed as the company secretary of the Company on 24 September 2015. The biographical details of Mr. Yeung are set out under the section headed "Biography of Directors and Senior Management". According to the Rule 3.29 of the Listing Rules, Mr. Yeung has taken no less than 15 hours of relevant professional training during the financial year ended 30 June 2016.

INTERNAL CONTROLS

The Board is responsible for the Group's system of internal controls and for reviewing its effectiveness. The Board requires management to establish and maintain sound and effective internal controls. Evaluation of the Group's internal controls is independently conducted by the management on an on-going basis.

The Board confirms that it has reviewed the effectiveness of the internal control system of the Company and its subsidiaries for the year and that the Board considers such system to be sound and effective. The review covered all material controls, including financial, operational, compliance control and risk management functions.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an Annual General Meeting, shall be called an Extraordinary General Meeting ("EGM").

— Right to convene Extraordinary General Meeting

Any one or more members holding at the date of the 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 sent to the Company's principal office as set out in the manner below, to require an EGM to be called by the Board for the transaction of any business specified in such requisition.

The written requisition must state the purposes of the meeting, signed by the requisitionist(s) and deposit it to the Board or the company secretary of the Company at the Company's principal place of business at Suites 1237 — 1240, 12/F., Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong.

The request will be verified with the Company's branch share registrar in Hong Kong and upon their confirmation that the request is proper and in order, the company secretary of the Company will ask the Board to convene an EGM by serving sufficient notice in accordance with the statutory requirements to all the registered members. On the contrary, if the request has been verified is not in order, the shareholders will be advised of this outcome and accordingly, an EGM will not be convened as requested. If within twenty one days from the date of the deposit of the requisition the Board fails to proceed to convene such meeting, the requisitionist(s), may convene a meeting in the same manner within two months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed by the Company to the requisitionist(s).

The notice period to be given to all the registered members for consideration of the proposal raised by the requisitionist(s) concerned at the EGM varies according to the nature of the proposal, as follows:

— At least 14 clear days' notice in writing (and not less than 10 business days) if the proposal constitutes an ordinary resolution of the Company;

— At least 21 clear days' notice in writing (and not less than 10 business days) if the proposal constitutes a special resolution of the Company in EGM.

— Right to put enquiries to the Board

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong for the attention of the company secretary.

— Right to put forward proposals at general meetings

There are no provisions allowing shareholders to purpose new resolutions at the general meetings under the Cayman Islands Companies Law (2011 Revision). However, shareholders are requested to follow Article 58 of the Company's Articles of Association for including a resolution at an EGM. The requirements and procedures are set out above. Pursuant to Article 85 of the Company's Articles of Association, no person shall, unless recommended by the Board, be eligible for election to the office of Director at any general meeting unless during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Company Secretary notice in writing by a member of the Company (not being the person to be proposed), entitled to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election and notice in writing signed by the person to be proposed of his willingness to be elected. The written notice must state that person's biographical details as required by Rule 13.51(2) of the Listing Rules. The procedures for shareholders of the Company to propose a person for election as director is posted on the Company's website.

Investor Relations

The Company has established a range of communication channels between itself and its shareholders, investors and other stakeholders. These include the annual general meeting, the annual and interim reports, notices, announcements and circulars and the Company's website at http://www.vitop.com.hk.

Constitutional Documents

During the year, the Company's constitutional documents have been amended in order to bring the constitution of the Company in line with certain amendments made to the Listing Rules, to incorporate certain housekeeping amendments and to consolidate the proposed amendments and all previous amendments made to the Articles of Association. The Shareholders at the Annual General Meeting held on 2 December 2014 have approved the amendment by way of special resolutions to amend the Articles of Association and to adopt the amended and restated Articles of Association.

For details, please refer to the circular of the Company dated 29 October 2014.

INDEPENDENT AUDITOR’S REPORT

To the members of
Vitop Group Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Vitop Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 33 to 101, which comprise the consolidated statements of financial position as at 30 June 2016, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS’ RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR’S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with agreed term of engagement 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 HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 30 June 2016 and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Elite Partners CPA Limited
Certified Public Accountants

Hong Kong, 27 September 2016

Yip Kai Yin
Practising Certificate Number: P05131

10/F, 8 Observatory Road
Tsim Sha Tsui
Kowloon, Hong Kong

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2016

	Notes	2016 HK$'000	2015 HK$'000
Revenue	6(a)	**105,893**	27,739
Cost of sales		**(71,213)**	(19,271)
Gross profit		**34,680**	8,468
Other income	6(b)	**1,786**	2,710
Selling and distribution costs		**(5,737)**	(4,794)
Administrative expenses		**(58,025)**	(27,851)
Other operating expenses		**(85,504)**	(7,438)
Loss from operations	7	**(112,800)**	(28,905)
Finance costs	8	**(464)**	(758)
		(113,264)	(29,663)
Share of loss of an associate		**–**	(768)
Loss before income tax		**(113,264)**	(30,431)
Income tax	9	**458**	(14)
Loss for the year		**(112,806)**	(30,445)
Attributable to:			
Owners of the Company	10	**(112,641)**	(30,386)
Non-controlling interests		**(165)**	(59)
Loss for the year		**(112,806)**	(30,445)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation		**(4,197)**	2,093
		(4,197)	2,093
Total comprehensive loss for the year, net of tax		**(117,003)**	(28,352)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2016

	Notes	**2016** **HK$'000**	2015 HK$'000
Attributable to:			
Owners of the Company		**(116,794)**	(28,293)
Non-controlling interests		**(209)**	(59)
		(117,003)	(28,352)
Loss per share attributable to owners of the Company during the year			
Basic	12	**HK(3.59) cents**	HK(1.34) cents
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Notes	**2016**	2015
		HK$'000	HK$'000
Non-current assets			
Property, plant and equipment	14	**2,465**	2,514
Investment properties	15	**38,721**	55,759
Intangible assets	16	**25,725**	153
Available-for-sale investments	19	**–**	21,700
Goodwill	17	**8,541**	–
		75,452	80,126
Current assets			
Inventories	20	**23,951**	48,042
Trade receivables	21	**42,508**	1,476
Trade deposits paid		**50,963**	17,122
Deposit, prepayments and other receivables	22	**73,805**	26,000
Cash and bank balances	23	**39,680**	62,946
		230,907	155,586
Current liabilities			
Trade payables	24	**12,840**	7,667
Trade deposits received		**8,451**	9,145
Accrued liabilities and other payables		**4,246**	46,896
Amount due to a director		**–**	98
Secured borrowings	25	**5,814**	6,250
Tax payables		**22**	14
		31,373	70,070
Net current assets		**199,534**	85,516
Total assets less current liabilities		**274,986**	165,642

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Notes	**2016** **HK$'000**	2015 HK$'000
Non-current liabilities			
Deferred tax liabilities	26	**4,227**	–
Net assets		**270,759**	165,642
Capital and reserves			
Share capital	27	**111,407**	62,565
Reserves	29	**158,101**	101,617
		269,508	164,182
Non-controlling interests		**1,251**	1,460
Total equity		**270,759**	165,642

Approved and authorised for issue by the Board on 27 September 2016

Xu Zhifeng	**Chan Shun Yee**
Director	*Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2016

	Attributable to owners of the Company										
	Share capital	**Share premium**	**Statutory reserve**	**Capital redemption reserve**	**Share option reserve**	**Capital reserve**	**Translation reserve**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total equity**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 July 2014	41,710	180,045	8,789	29	–	28,764	13,215	(161,078)	111,474	1,519	112,993
Loss for the year	–	–	–	–	–	–	–	(30,386)	(30,386)	(59)	(30,445)
Exchange differences arising on translation	–	–	–	–	–	–	2,093	–	2,093	–	2,093
Total comprehensive loss for the year	–	–	–	–	–	–	2,093	(30,386)	(28,293)	(59)	(28,352)
Issue of shares pursuant to an open offer	20,855	60,146	–	–	–	–	–	–	81,001	–	81,001
At 30 June 2015 and at 1 July 2015	**62,565**	**240,191**	**8,789**	**29**	**–**	**28,764**	**15,308**	**(191,464)**	**164,182**	**1,460**	**165,642**
Loss for the year	–	–	–	–	–	–	–	(112,641)	(112,641)	(165)	(112,806)
Exchange differences arising on translation	–	–	–	–	–	–	(4,153)	–	(4,153)	(44)	(4,197)
Total comprehensive loss for the year	–	–	–	–	–	–	(4,153)	(112,641)	(116,794)	(209)	(117,003)
Issue of subscription shares	8,342	41,410	–	–	–	–	–	–	49,752	–	49,752
Placing of shares	40,000	114,804	–	–	–	–	–	–	154,804	–	154,804
Grant of share option	–	–	–	–	14,664	–	–	–	14,664	–	14,664
Exercise of share options	500	3,440	–	–	(1,040)	–	–	–	2,900	–	2,900
At 30 June 2016	**111,407**	**399,845**	**8,789**	**29**	**13,624**	**28,764**	**11,155**	**(304,105)**	**269,508**	**1,251**	**270,759**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2016

	2016 HK$'000	2015 HK$'000
Cash flows from operating activities		
Loss before tax	**(113,264)**	(30,431)
Adjustments for:		
Depreciation of property, plant and equipment	**386**	375
Interest income	**(102)**	(38)
Amortisation of intangible assets	**3,227**	38
Loss/(gain) on disposal of property, plant and equipment	**–**	37
Impairment loss of interests in an associate	**–**	–
Impairment loss for available-for-sale investments	**21,700**	2,636
Impairment loss of goodwill	**–**	61
Impairment loss of deposits, prepayments and other receivables	**1,866**	1,886
Finance costs	**464**	758
Share of loss of an associate	**–**	768
Provision for obsolete and slow moving inventories	**40,881**	2,780
Reversal of provision for impairment of trade receivables	**–**	(836)
Reversal of provision for obsolete and slow moving inventories	**–**	(188)
Gain on bargain purchase arising from acquisition of a subsidiary	**–**	(654)
Provision for bad and doubtful debt	**244**	–
Fair value loss of investment properties	**13,623**	–
Share-based payment expenses	**14,664**	–
Operating loss before working capital changes	**(16,311)**	(22,808)
(Increase)/decrease in inventories	**(13,344)**	600
(Increase)/decrease in trade receivables	**(39,824)**	1,833
(Increase)/decrease in deposits, prepayments and other receivables	**(49,412)**	24,102
Increase in trade deposit paid	**(33,841)**	–
Increase in trade payables	**4,755**	475
(Decrease)/increase in accrued liabilities and other payables	**(28,379)**	38,228
Decrease in amount due to a director	**(98)**	(5,969)
Decrease in amount due to an associate	**–**	(140)
Decrease in deposits received	**(694)**	(522)
Cash (used in)/generated from operations	**(177,148)**	35,799
Tax paid	**(60)**	–
Net cash (used in)/generated from operating activities	**(177,208)**	35,799

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2016

	2016 HK$'000	2015 HK$'000
Cash flows from investing activities		
Interest received	**102**	38
Purchase of property, plant and equipment	**(569)**	(94)
Proceeds from disposal of property, plant and equipment	**123**	5
Purchase of investment properties	**–**	(47,922)
Net cash outflow arising from acquisition of subsidiaries	**(33,673)**	(8,615)
Net cash used in investing activities	**(34,017)**	(56,588)
Cash flows from financing activities		
Interest paid	**(464)**	(758)
Net proceed from placing of shares	**154,803**	–
Net proceed from issuance of shares through open offer	**–**	81,000
Proceeds from issuance of subscription shares	**34,652**	–
Exercise of share option	**2,900**	–
Repayment of secured bank and other borrowings	**(6,024)**	(8,750)
Proceed from secured bank and other borrowings	**5,814**	6,250
Net cash generated from financing activities	**191,681**	77,742
Net (decrease)/increase in cash and cash equivalents	**(19,544)**	56,953
Cash and cash equivalents at 1 July	**62,946**	3,896
Effect of foreign exchange rate changes, net	**(3,722)**	2,097
Cash and cash equivalents at 30 June	**39,680**	62,946
Analysis of balances of cash and cash equivalents		
Cash and bank balances	**39,680**	62,946

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 15 February 2001 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company withdrew the listing of its shares on The Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 10 February 2003, and on the same date, by way of introduction, listed its entire issued share capital on the Main Board of the Stock Exchange.

The Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-111, Cayman Islands. The Company's principal place of business in Hong Kong is Suites 1237–1240, 12/F, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are manufacturing and trading of BIOenergy products, healthcare food products, multi-functional water generators, other healthcare products and properties investments in the People's Republic of China (the "PRC"), excluding Hong Kong and Macau.

The consolidated financial statements are prepared in Hong Kong dollars, which is the same as the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise indicated.

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

(a) Standards and Interpretations adopted in current year

In the current year, the Group has adopted the following new and revised standards, amendments and interpretations (hereinafter collectively referred to as "new and revised HKFRSs") issued by the HKICPA which are relevant to and effective for the Group financial period beginning on 1 July 2015:

Amendments to HKFRSs	Annual improvements to HKFRSs 2010–2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011–2013 cycle
Amendments to HKAS 19 (2011)	Defined benefit plans: Employee contributions

The application of these new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Annual Improvement to HKFRSs 2010–2012 Cycle

The Annual Improvements to HKFRSs 2010–2012 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(a) Standards and Interpretations adopted in current year *(Continued)*

Annual Improvement to HKFRSs 2010–2012 Cycle (Continued)

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel service to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The application of these amendments does not have a material effect on the Group's consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(a) Standards and Interpretations adopted in current year *(Continued)*

Annual Improvement to HKFRSs 2011–2013 Cycle

The Annual Improvements to HKFRSs 2011–2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of business combination under HKFRS 3.

The application of these amendments does not have a material effect on the Group's consolidated financial statements.

Amendments to HKAS 19 (2011) Defined Benefit Plans: Employee Contributions

The amendments to HKAS 19 (2011) clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The application of these amendments to HKAS 19 (2011) does not have a significant impact on the Group's consolidated financial statements as the Group does not have any defined benefit plans.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(b) Standards and Interpretations is issued but not yet adopted

The Group has not early applied any of the following new and revised standards, amendments and interpretations which have been issued but are not yet effective for annual periods beginning on 1 July 2015:

HKFRS (Amendments)	Improvements 2012–2014 Cycle[3]
Amendments to HKAS 1	Disclosure Initiative[3]
Amendments to HKFRS 11	Accounting for Acquisition of Interests in Joint operations[3]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[3]
Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between Investors and its Associate or Joint venture[4]
Amendments to HKAS 27	Equity method in Separate Financial Statements[3]
HKFRS 9 (2014)	Financial instruments[1]
HKFRS 14	Regulatory Deferral Accounts[3]
HKFRS 15	Revenue from contracts with customers[1]
HKFRS 16	Leases[2]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidated exception[3]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after 1 January 2016
4 Effective for annual periods beginning on or after a date to be determined

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets.

HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' measurement category for certain simple debt instruments.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(b) Standards and Interpretations is issued but not yet adopted *(Continued)*

HKFRS 9 Financial Instruments (Continued)

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that HKFRS 9 that will be adopted in the Group's consolidate financial statements for the annual period beginning 1 January 2018 and that the application of new standard may have a significant impact on amounts reported in respect of Group's financial assets. However, it is not practical to provide a reasonable estimate of that effect until a detailed review has been completed.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(b) Standards and Interpretations is issued but not yet adopted *(Continued)*

HKFRS 15 Revenue from Contracts with Customers

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

(i) Identify the contract with the customer;

(ii) Identify the performance obligations in the contract;

(iii) Determine the transaction price;

(iv) Allocate the transaction price to the performance obligations; and

(v) Recognise revenue when (or as) the entity satisfies a performance obligation.

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The directors anticipate that the application of HKFRS 15 in the future may have an impact on the disclosures made in the Group's consolidated financial statements.

However, it is not practicable to provide a reasonable estimate of the effect until a detailed review is performed.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(b) Standards and Interpretations is issued but not yet adopted *(Continued)*

HKFRS 16 Leases

HKFRS 16, which upon the effective date will supersede Hong Kong Accounting Standard ("HKAS") 17 "Leases", introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the consolidated statement of cash flow. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. The accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The directors anticipate that the implementation of HKFRS 16 in the future will affect the classification and measurement in lessee accounting.

However, it is not practicable to provide a reasonable estimate of that effect until a detailed review is completed.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collectively includes all applicable individual Hong Kong Financial Reporting Standard ("HKFRS"), Hong Kong Accounting Standard ("HKAS") and Interpretation issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

The consolidated financial statements have been prepared under historical cost convention except for investment properties, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses 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 listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company 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 intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction by transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another HKFRS.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

Revenue from the sales of goods is recognised on the transfer of risks and rewards of ownership, provided that the Group maintains neither managerial involvement to the degree usually associated with the ownership, nor effective control over the goods sold;

Operating lease rental income is recognised on a straight-line basis over the term of lease agreement. Contingent rental income (representing income over and above base rent) such as turnover rent, is recognised according to terms of the lease agreements when the amount can be reliably measured, in the accounting period in which it is earned. Lease incentives provided, such as rent-free periods, are amortised on a straight-line basis are recognised as a reduction of rental income over the respective term of lease; and

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the effective interest rate applicable.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment

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

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual values, using the straight line method, at the following rates:

Leasehold improvement	5 years or over the lease terms, whichever is shorter
Machinery and equipment	8 to 12 years
Furniture and office equipment	3 to 8 years
Motor vehicle	8 years

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 the derecognition of the asset (calculated as the difference between the sales proceeds and the carrying amount of the item) is included in profit or loss in the year in which the item is derecognised.

Investment properties

A property that is held for long-term rental yields or for capital appreciation or both, is classified as an investment property.

An investment property is measured initially at its cost, including related transaction costs.

After initial recognition, an investment property is carried at fair value, representing open market value determined at each reporting date. The carrying value of the investment property is reviewed every six months and is independently valued by external valuers at least annually.

Changes in fair values of the investment properties are recognised in the consolidated statement of profit or loss.

Subsequent expenditure is capitalised to the asset’s carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are expensed in the consolidated statement of profit or loss during the reporting period in which they are incurred.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using weighted average method and, in the case of work in progress and finished goods, comprise direct materials, where applicable, direct labour and an appropriate proportion of overheads. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible assets and research and development costs

Intangible assets

Intangible assets acquired in a business combination separately are recognised initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on straight-line basis over their estimated useful lives. The useful lives of intangible assets are as follows: Trade name 10 years.

Intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses. Intangible assets are tested for impairment as described below. Amortisation commences when the intangible assets are available for use. Patents and technical know-how are recognised as intangible assets and amortised on a straight line basis over their useful lives.

Research and development costs

Costs associated with research activities are expensed in the profit or loss as they occur.

Costs that are directly attributable to the development phase are recognised as intangible assets provided they meet the following recognition requirements:

(i) demonstration of technical feasibility of the prospective product for internal use or sale;

(ii) there is intention to complete the intangible asset and use or sell it;

(iii) the Group's ability to use or sell the intangible asset is demonstrated;

(iv) the intangible asset will generate probable economic benefits through internal use or sale;

(v) sufficient technical, financial and other resources are available for completion; and

(vi) the expenditure attributable to the intangible asset can be reliably measured.

Direct costs include employee costs incurred on development along with an appropriate portion of relevant overheads. The costs of internally generated product developments are recognised as intangible assets. They are subject to the same subsequent measurement method as externally acquired intangible assets. Development costs recognised as intangible assets are amortised on a straight-line basis over their useful lives. All other development costs are expensed as incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimated 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Employee benefits

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "Retirement Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the Retirement Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the profit or loss as they become payable in accordance with the rules of the Retirement Scheme. The assets of the Retirement Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the Retirement Scheme except for the Group's employer voluntary contributions, which are refunded to the Group when an employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the Retirement Scheme.

Pursuant to the relevant regulations of the government of the PRC, subsidiaries of the Group operating in the PRC are required to participate in an employee pension scheme operated by the relevant local government authorities in the PRC and to make contributions for employees who are registered as permanent residents in the PRC. Such contributions are charged to profit or loss as they become payable.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currency

The financial statements are presented in Hong Kong dollars (HK$), which is also the functional currency of the Company.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at 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 on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting 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) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets

The Group's financial assets are classified into the following specified categories: "available-for-sale" (AFS) financial assets and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. 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.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument 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 on points 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 debt instrument, or, where appropriate, a shorter period to the net carrying amount of initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designed as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial assets are either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit- taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Available-for-sale financial assets ("AFS financial assets")

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of the reporting period (see the accounting policy in respect of impairment loss on financial assets below).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade receivables, trade deposits paid, deposit and other receivables) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when 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 investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its costs is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, trade deposits paid, deposit and other receivables, assets that are assessed not to be impaired individually are, in addition, 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, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets (Continued)

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets except for trade receivables, 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.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is revered does not exceed what the amortised cost would have been had the impairment not been recognised.

Other financial liabilities

Other financial liabilities (including trade payables, trade deposits received, accrued liabilities and other payables and secured borrowings) are subsequently measured at amortised cost using the effective interest method.

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 (including all fees and points 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 liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis other than financial liabilities classified as at FVTPL.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, 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 in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

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

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax 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 difference associated with investments in subsidiaries and associates, and interests in joint ventures, 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. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each 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 assets and liabilities are measured at the tax rates that are expected to apply in the reporting period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties

For the purposes of these consolidated financial statements, related parties include a person and entity as defined below:

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

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

(b) has significant influence over the Group; and

(c) is a member of the key management personnel of the Group or of a parent of the Group.

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

(a) 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);

(b) either entity is an associate or joint venture of the other entity (or of a member of a group of which the other entity is a member);

(c) both entities are joint ventures of a third entity;

(d) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(e) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the reporting entity is itself such a plan, the sponsoring employers are also related to the plan;

(f) the entity is controlled or jointly controlled by a person identified in (i);

(g) a person identified in (i)(a) 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); and

(h) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parents of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payment transaction

The Company issues equity-settled share-based payments to eligible employees including directors of the Company and its subsidiaries, and other persons including consultants, advisors, agents, customers, suppliers etc. to subscribe for shares in the Company. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effort of non market-based vesting conditions.

For share options that are vested immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

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.

Leasing

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefits) to the extent they are incremental costs directly attributable to the equity transaction.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognised as expenses the related costs for which the grants are intended to compensate. Specifically, government grant whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Cash and cash equivalents

Cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value, having been within three months of maturity at acquisition. For the purpose of the consolidated statement of cash flows, bank overdrafts and bank loans, if any, which are repayable on demand and form an integral part of an enterprise's cash managements are also included as component of cash and cash equivalents.

Borrowing costs

All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that any entity incurs in connection with the borrowing of funds.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations as discussed below, which have the most significant effect on the amounts recognised in the consolidated financial statements. The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Impairment of assets

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the management has to exercise judgement in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (3) the appropriate key assumptions to be applied in preparing cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

(ii) Income taxes

Deferred tax is provided using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for unused tax losses carried forward to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised, based on all available evidence. Recognition primarily involves judgement regarding the future performance of the particular legal entity or tax group in which the deferred tax asset has been recognised. A variety of other factors are also evaluated in considering whether there is convincing evidence that is probable that some portion or all of the deferred tax assets will ultimately be realised, such as existence of taxable temporary differences, tax planning strategies and the periods in which estimated tax losses can be utilised. The carrying amount of deferred tax assets and related financial models and budgets are reviewed at the end of each reporting period and to the extent that there is insufficient convincing evidence that sufficient taxable profits will be available within the utilisation periods to allow utilisation of the carry forward tax losses, the asset balance will be reduced and charged to the consolidated statement of profit or loss and other comprehensive income.

(iii) Depreciation and amortisation

The Group depreciates the property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual values, using the straight line method. The estimated useful lives reflect the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual values reflect the directors' estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

(iv) Allowance for bad and doubtful debts

The Group's provision policy for bad and doubtful debts is based on the evaluation of collectability and ageing analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required.

(v) Impairment test of assets

The management determines whether an asset is impaired at least on an annual basis or where an indication of impairment exists. This requires an estimation of the value in use of the asset. Estimating the value in use requires the management to make an estimate of the expected future cash flows from the assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(vi) Fair value measurement of investment properties

The Group's investment properties are measured at fair value. In estimating the fair value of investment property, the Group engaged third party qualified valuer to perform the valuation. The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of investment properties. Note 15 provide detailed information about the valuation technique, input and key assumptions used in the determination of fair value of investment properties.

5. SEGMENT INFORMATION

The Group has adopted HKFRS 8 Operating Segments with effect from 1 April 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance.

Operating segments are identified on the basis of internal reports which provides information about components of the Group. These information are reported to and reviewed by the chief operating decision maker for the purposes of resource allocation and performance assessment.

(a) Segment revenue, results, assets and liabilities

For the purpose of assessing segment performance and allocating resources between segments, the Group's chief operating decision maker monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segment. Head office and corporate expenses are not allocated to individual segments.

Segment assets principally comprise all tangible assets, intangible assets and current assets directly attributable to each segment. All liabilities are allocated to unallocated corporate liabilities.

5. SEGMENT INFORMATION *(Continued)*

(a) Segment revenue, results, assets and liabilities *(Continued)*

The five reportable operating segments are listed as follows:

(i) BIOenergy products: manufacturing and trading of bedding products, underclothing and body protection accessories containing the BIOenergy compound;

(ii) Healthcare food products: trading of healthcare food products, including honey and polypeptide products;

(iii) Multi-functional water generator: manufacturing and trading of multi-functional water generator;

(iv) Rental: letting properties for rental income; and

(v) Others: trading of other healthcare and skincare products and others.

Business segments

The following tables present revenue, results and certain assets, liabilities and expenditure information for the Group's business segments:

	BIOenergy products		Healthcare food products		Multi-functional water generators		Rental		Others		Consolidated	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue:												
Sales to external customers	**60,159**	22,205	**36,892**	260	**6,326**	4,082	**579**	384	**1,937**	808	**105,893**	27,739
Segment result	**(33,468)**	4,570	**(1,058)**	(16)	**(3,520)**	366	**579**	384	**(1,070)**	(1,630)	**(38,537)**	3,674
Unallocated other income											**1,786**	2,710
Unallocated expenses											**(76,049)**	(35,289)
Loss from operations											**(112,800)**	(28,905)
Finance costs											**(464)**	(758)
											(113,264)	(29,663)
Share of loss of an associate											**–**	(768)
Loss before income tax											**(113,264)**	(30,431)
Income tax expense											**458**	(14)
Loss for the year											**(112,806)**	(30,445)

5. SEGMENT INFORMATION *(Continued)*

(a) Segment revenue, results, assets and liabilities *(Continued)*

	BIOenergy products		Healthcare food products		Multi-functional water generators		Rental		Others		Consolidated	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment assets	**50,993**	100,650	**87,103**	1,182	**5,365**	18,508	**39,404**	56,143	**1,641**	3,659	**184,506**	180,142
Unallocated assets											**121,853**	55,570
Total assets											**306,359**	235,712
Segment liabilities	**24,733**	38,055	**2,239**	447	**2,603**	6,998	**13**	656	**797**	1,383	**30,385**	47,539
Unallocated liabilities											**5,215**	22,531
Total liabilities											**35,600**	70,070
Other segment information												
Depreciation	**233**	155	**–**	–	**–**	–	**–**	–	**–**	–	**233**	155
Unallocated amount of depreciation											**153**	220
											386	375
Amortisation of intangible assets	**–**	–	**3,227**	38	**–**	–	**–**	–	**–**	–	**3,227**	38
Capital expenditure*	**–**	887	**144**	–	**–**	–	**–**	–	**–**	–	**144**	887
Unallocated amounts of capital expenditure											**523**	94
											667	981

* Capital expenditure consists of additions to property, plant and equipment and investment properties, including assets from the acquisition of subsidiaries.

(b) Geographical segments

A geographical analysis of the Group's revenue from external customers, certain asset and expenditure information is not presented as the Group's revenue and assets in geographical segments other than Mainland China are less than 10% of the aggregate amount of all segments.

5. SEGMENT INFORMATION *(Continued)*

(c) Information about major customers

Included in revenue amounting to approximately HK$35,119,000 (2015: Nil) represents sales to the Group's largest customer.

Revenue from customers contributing over 10% of the total sales from trading of healthcare food product are as follows:

	2016 **HK$'000**	2015 HK$'000
Customer A	**35,119**	–
Customer B	**21,171**	–

6. REVENUE AND OTHER INCOME

(a) Revenue

	2016 **HK$'000**	2015 HK$'000
Sales of goods	**105,314**	27,355
Rental income	**579**	384
	105,893	27,739

(b) Other Income

	2016 **HK$'000**	2015 HK$'000
Interest income	**102**	38
Government grant	**12**	135
Gain on bargain purchase arising from the acquisition of a subsidiary	**–**	654
Income on cancellation of franchise deposit	**–**	445
Reversal of provision of obsolete and slow moving inventories	**–**	188
Reversal of provision of impairment in respect of trade receivables	**–**	836
Others	**1,672**	414
	1,786	2,710

7. LOSS FROM OPERATIONS

Loss from operations is arrived at after charging:

	2016	2015
	HK$'000	HK$'000
Auditor's remuneration		
Audit services	**740**	740
Non-audit services	**10**	163
Cost of inventories sold	**71,213**	13,610
Staff costs (including directors' remuneration)		
Wages and salaries	**23,465**	20,342
Pension scheme contributions	**923**	883
	24,388	21,225
Depreciation of property, plant and equipment	**386**	375
Amortisation of intangible assets	**3,227**	38
Operating lease charges in respect of land and buildings	**3,540**	2,312
Share-based payment expenses#	**14,664**	–
Impairment loss recognised in respect of other receivables*	**1,866**	1,886
Impairment loss recognised in respect of trade receivables*	**244**	–
Impairment loss recognised in respect of available-for-sale investments*	**21,700**	2,636
Impairment for goodwill arising from acquisition of a subsidiary	**–**	61
Fair value loss of investment properties*	**13,623**	–
Share of loss of an associate*	**–**	768
Loss on disposal of property, plant and equipment*	**–**	37
Provision for obsolete and slow moving inventories*	**40,881**	2,780

* included in other operating expenses

\# included in administrative expenses

8. FINANCE COSTS

	2016	2015
	HK$'000	HK$'000
Interest on secured borrowings	**464**	758

9. INCOME TAX

No provision of Hong Kong profits tax has been provided as no assessable profits arising in Hong Kong during the year (2015: Nil). Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdiction in which the Group operates, based on existing legislation, interpretations and practices in respect thereof during the year. PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2015: 25%).

	2016	2015
	HK$'000	HK$'000
Current tax:		
PRC Enterprise Income Tax	**(68)**	(14)
Deferred tax	**526**	–
	458	(14)

Reconciliation between income tax expenses and accounting loss at applicable tax rate:

	2016	2015
	HK$'000	HK$'000
Loss before income tax	**(113,264)**	(30,341)
Tax at the applicable tax rate (Note)	**(23,040)**	(5,635)
Tax effect of non-deductible expenses	**19,202**	493
Tax effect of non-taxable income	**(1,169)**	(612)
Tax effect of tax losses not recognised	**4,549**	5,768
Income tax	**(458)**	14

The Group had not recognised deferred tax assets in respect of the tax losses due to unpredictability of the future profit streams.

Note:

The applicable rates are the rates prevailing in the jurisdictions in which the Company and its subsidiaries operate.

10. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

Included in the consolidated loss attributable to owners of the Company of HK$112.64 million (2015: loss of HK$30.39 million), a loss of HK$57.55 million (2015: loss of HK$23.02 million) has been dealt with in the financial statements of the Company.

11. DIVIDENDS

No dividend has been paid or declared by the Company during the year (2015: Nil).

12. LOSS PER SHARE

The calculation of basic loss per share is based on loss attributable to owners of the Company for the year ended 30 June 2016 of HK$112.64 million (2015: loss of HK$30.39 million) and the weighted average number of 3,134,038,223 (2015: the weighted average number of 2,264,947,974) ordinary shares in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the year ended 30 June 2016 in respect of a dilution as the impact of share option had an anti-dilutive effect on the basic loss per share amount presented.

13. DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION

(a) Directors' emoluments

The directors' remuneration disclosed pursuant to the Listing Rules and Section 383(1) of the Hong Kong Companies Ordinance is as follows:

	2016	2015
	HK$'000	HK$'000
Fees	**7,871**	8,300
Other emoluments:		
Salaries, allowances and benefits in kind	**–**	3,444
Pension scheme contributions	**28**	27
	7,899	11,771

13. DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION *(Continued)*

(a) Directors' emoluments *(Continued)*

The emoluments of each director, on a named basis, for the years ended 30 June 2016 and 2015 are set out below:

Year ended 30 June 2016

	Notes	Director fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Total HK$'000
ZHANG WEN	i	**1,495**	**–**	**8**	**1,503**
HAN QINGYUN	ii	**299**	**–**	**2**	**301**
Liu Min		**600**	**–**	**–**	**600**
Chan Shun Yee		**402**	**–**	**18**	**420**
Xu Zhifeng		**4,640**	**–**	**–**	**4,640**
Wong Tat Yan Paul		**144**	**–**	**–**	**144**
Su Rujia	iii	**135**	**–**	**–**	**135**
Zhu Yanzhou	iv	**83**	**–**	**–**	**83**
Chau Yu-Lung Jimmy	v	**73**	**–**	**–**	**73**
		7,871	**–**	**28**	**7,899**

13. DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION *(Continued)*

(a) Directors' emoluments *(Continued)*

Year ended 30 June 2015

	Director fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Total HK$'000
Han Qingyun	2,000	1,800	9	3,809
Zhang Wen	2,000	1,380	18	3,398
Liu Min	–	107	–	107
Chan Shun Yee	–	75	–	75
Xu Zhifeng	–	63	–	63
Wong Tat Yan Paul	–	19	–	19
Han Xiaoyue	–	–	–	–
Guo Yanni	2,000	–	–	2,000
Long Mingfei	1,000	–	–	1,000
Xu Nianchun	1,000	–	–	1,000
Zhu Jinghua	100	–	–	100
Deng Zhiqiang	100	–	–	100
Li Xinzhong	100	–	–	100
	8,300	3,444	27	11,771

Notes:

i Mr. Zhang Wen was resigned as an executive director on 16 November 2015

ii Mr. Han Qingyun was resigned as an executive director on 7 September 2015

iii Mr. Su Rujia was appointed as an independent non-executive director on 23 July 2015

iv Ms. Zhu Yanzhou was appointed as an independent non-executive director on 23 October 2015

v Mr. Chau Yu-Lung Jimmy as a non-executive director on 30 December 2015

There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 30 June 2016 and 2015.

During the year, no director (2015: Nil) has been granted with share options in respect of their services to the Group. Further details of the share option scheme were set out in Note 28 to the financial statements.

13. DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION *(Continued)*

(b) Five highest paid individuals

The five highest paid individuals in the Group during the year have included three directors (2015: two), details of whose emoluments have been disclosed in Note (a) above. The emoluments paid to the remaining two (2015: three) non-directors, highest paid individuals for the year are as follows:

	2016 HK$'000	2015 HK$'000
Salaries, allowances and benefits in kind	**2,562**	2,585
Pension scheme contributions	**47**	80
	2,609	2,665

The number of the remaining highest paid individuals whose emoluments fell within the following band is as follows:

	2016	2015
Nil to HK$1,000,000	**1**	2
HK$1,000,001 to HK$1,500,000	**1**	1
	2	3

During the years ended 30 June 2016 and 2015, no emoluments were paid by the Group to the directors or any of the five highest paid employees of the Group as an inducement to join the Group or upon joining the Group or as compensation for loss of office.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement HK$'000	Machinery and equipment HK$'000	Furniture and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
At cost:					
At 1 July 2014	17,492	155	10,709	3,356	31,712
Addition	14	–	80	–	94
Acquisition through business combination	–	788	99	–	887
Disposal	–	–	(878)	–	(878)
At 30 June 2015 and 1 July 2015	17,506	943	10,010	3,356	31,815
Addition	4	36	243	286	569
Acquisition through business combination	–	–	53	–	53
Disposal	–	–	(132)	(409)	(541)
Exchange realignment	(1,221)	(67)	(701)	(206)	(2,195)
At 30 June 2016	16,289	912	9,473	3,027	29,701
Accumulated Depreciation:					
At 1 July 2014	17,404	139	9,022	3,196	29,761
Charge for the year	45	109	170	51	375
Reversal due to disposal	–	–	(835)	–	(835)
At 30 June 2015 and 1 July 2015	17,449	248	8,357	3,247	29,301
Charge for the year	15	180	162	29	386
Reversal due to disposal	–	–	(60)	(358)	(418)
Exchange realignment	(1,219)	(24)	(612)	(178)	(2,033)
At 30 June 2016	16,245	404	7,847	2,740	27,236
Net book value:					
At 30 June 2016	**44**	**508**	**1,626**	**287**	**2,465**
At 30 June 2015	57	695	1,653	109	2,514

15. INVESTMENT PROPERTIES

	2016	2015
	HK$'000	HK$'000
At fair value:		
Balance at beginning of the year	**55,759**	–
Acquisition of a subsidiary	**–**	7,837
Addition	**–**	47,922
Change in fair value recognised in profit or loss	**(13,623)**	–
Exchange realignment	**(3,415)**	–
Balance at end of the year	**38,721**	55,759

All of the Group's investment properties held to earn rental are classified and accounted for as investment properties.

All investment properties are located in PRC with medium lease term.

The fair value of the Group's investment properties as at 30 June 2016 has been arrived at on the basis of a valuation carried out by LCH (Asia Pacific) Surveyors Limited, an independent qualified professional valuer not connected to the Group.

In estimating the fair value of the investment properties, the highest and best use of the properties is their current use.

The entire amount of fair value measurement of the Group's investment properties is categorised as level 3 hierarchy defined in HKFRS 13.

Information about level 3 fair value measurements

	Valuation Technique(s)	**Unobservable Input(s)**	**Range**
Investment properties	Direct comparison	Discount on characteristic of the properties	–58.9% to –10%

The fair value of investment properties is determined using direct comparison approach to value these properties in their respective existing states and uses on the market basis assuming sale with immediate vacant possession and by making reference to comparable sales evidence. The valuations take into account the characteristic of the properties which included the location, size, shape, view, floor level, year of completion and others factors collectively. Higher discount for properties will result in a lower fair value measurement vice versa.

16. INTANGIBLE ASSETS

	Patents and technical know-how HK$'000	Deferred development costs HK$'000	Trade name HK$'000	Total HK$'000
At cost:				
At 1 July 2014, at 30 June 2015, at 1 July 2015	7,113	7,792	–	14,905
Addition from acquisition of subsidiaries	–	–	28,807	28,807
Exchange realignment	(496)	–	–	(496)
At 30 June 2016	6,617	7,792	28,807	43,216
Accumulated amortisation:				
At 1 July 2014	6,922	7,792	–	14,714
Charge for the year	38	–	–	38
At 30 June 2015 and 1 July 2015	6,960	7,792	–	14,752
Charge for the year	37	–	3,190	3,227
Exchange realignment	(488)	–	–	(488)
At 30 June 2016	6,509	7,792	3,190	17,491
Net carrying amount:				
At 30 June 2016	108	–	25,617	25,725
At 30 June 2015	153	–	–	153

17. GOODWILL

	HK$'000
Cost:	
At 1 July 2014, at 30 June 2015 and at 1 July 2015	**61**
Arising from acquisition of subsidiaries	**8,541**
At 30 June 2016	**8,602**
Accumulated impairment:	
At 1 July 2014	**61**
Impairment loss recognised	**–**
At 30 June 2015, 1 July 2015 and 30 June 2016	**61**
Net carrying value:	
At 30 June 2016	**8,541**
At 30 June 2015	**–**

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generated units ("CGUs") that are expected to benefit from that business combination.

For the year ended 30 June 2016, the management considers that no impairment loss should be recognised (2015: impairment loss recognised of approximately HK$61,000, which has been included in other operating expenses in the consolidated statement of profit or loss and other comprehensive income).

18. PARTICULARS OF THE SUBSIDIARIES

Particulars of the principal subsidiaries as at 30 June 2016 are as follows:

Name	Place of incorporation/ establishment and operations	Particulars of issued capital/ registered capital	Percentage of equity attributable to the Group		Principal activities
			Direct	Indirect	
Vitop Bioenergy Limited	British Virgin Islands	1 ordinary share of US$1	100%	–	Investment holding
Vitop Bioenergy (China) Limited* ("Vitop China")	PRC	Registered capital of HK$95,000,000	–	100%	Manufacturing and trading of BIOenergy® products, and trading of multi-functional water generators, healthcare food products and other healthcare products
Vitop Healthcare Product Limited	Hong Kong	2 ordinary shares	–	100%	Trading of BIOenergy® product
Hefei Vitop Meiling Technology Limited**	PRC	Registered capital of RMB5,840,000	–	80%	Manufacturing and trading of multi-functional water generators
Zhuhai Detox Bioenergy Technology Limited*	PRC	Registered capital of RMB1,000,000	–	100%	Trading of healthcare product
Topgold Industrial Limited	Hong Kong	1 ordinary share	100%	–	Investment holding
Zhuhai Wei Tuo Po Technology Limited*	PRC	Registered capital of RMB5,000,000	–	100%	Manufacturing and trading of multi-functional water generators and ionisers
Guangzhou Zhan'ao Trade Commerce Company Limited*	PRC	Registered capital of RMB1,000,000	–	100%	Properties investments
Dynamic Path Holdings Limited	British Virgin Islands	1 ordinary share of US$1	100%	–	Inactive
Cosmic Global Holdings Limited	British Virgin Islands	1 ordinary share of US$1	100%	–	Inactive
Smart Key Holdings Limited	British Virgin Islands	1 ordinary share of US$1	–	100%	Investment Holding
Fine Treasure Asia Limited	British Virgin Islands	1 ordinary share of US$1	–	100%	Investment Holding

18. PARTICULARS OF THE SUBSIDIARIES *(Continued)*

Particulars of the principal subsidiaries as at 30 June 2016 are as follows: (Continued)

Name	Place of incorporation/ establishment and operations	Particulars of issued capital/ registered capital	Percentage of equity attributable to the Group Direct	Indirect	Principal activities
Red Health Products Company Limited	Hong Kong	1 ordinary share	–	100%	Trading of healthcare product
Me In Holdings Limited	British Virgin Islands	1 ordinary share of US$1	–	100%	Investment Holding
Me In Limited	Hong Kong	4,000,000 ordinary shares	–	100%	Trading of healthcare product
天年高盈投資諮詢(深圳)有限公司	PRC	Registered capital of HK$10,000,000	–	100%	Inactive
Vitop Manuka Resources Limited	Hong Kong	1 ordinary share	100%	–	Investment Holding
Richora Group Limited	New Zealand	100 ordinary shares of NZD1 each	–	51%	Trading of honey
Richora International Limited	British Virgin Islands	100 ordinary shares of US$1 each	–	51%	Inactive

* Registered as wholly-foreign owned enterprise ("WFOE") under the PRC law.

** Registered as Sino-foreign joint venture under the PRC law.

The above table lists the subsidiaries of the Company which have, in the opinion of the Company's directors, principally affected the results of the year or formed a substantial portion of the assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the Company's directors, results in particulars of excessive length.

19. AVAILABLE-FOR-SALE INVESTMENTS

	2016 HK$'000	2015 HK$'000
Equity securities		
— Unlisted securities	**31,036**	31,036
Less: Accumulated impairment loss	**(31,036)**	(9,336)
	–	21,700

Available-for-sale investments at the end of the reporting period represent investments in unlisted companies. They are measured at cost less impairment at the end of each reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

For the year ended 30 June 2016, the directors of the Company performed an assessment on available-for-sale investment with reference to the financial information and on this basis, the directors considers that the carrying amount of available-for-sale investment should be fully impaired.

20. INVENTORIES

	2016 HK$'000	2015 HK$'000
Raw materials	**5,147**	5,132
Work in progress	**5,230**	12,859
Finished goods	**66,792**	44,836
	77,169	62,827
Less: Provision for obsolete and slow-moving inventories	**(55,512)**	(14,631)
Foreign exchange translation	**2,294**	(154)
	23,951	48,042

21. TRADE RECEIVABLES

	2016 HK$'000	2015 HK$'000
Trade receivables	**50,780**	10,115
Less: Accumulated impairment loss	**(8,272)**	(8,639)
	42,508	1,476

The credit terms that the Group offers to customers are generally less than 90 days.

21. TRADE RECEIVABLES *(Continued)*

An ageing analysis of trade receivables is as follows:

	2016 HK$'000	2015 HK$'000
0–30 days	**36,312**	60
31–60 days	**89**	41
61–180 days	**459**	260
Over 180 days	**5,648**	1,115
	42,508	1,476

Included in the balances are trade receivables with an aggregate carrying amount of HK$5.65 million (2015: HK$1.12 million) which are past due at the reporting date for which the Group has not provided impairment loss as there has no significant change in credit quality and the amounts are still considered fully recoverable. The Group does not hold any collateral over these balances. No interest is charged on the trade receivables.

Ageing of trade receivables which are past due but not impaired:

	2016 HK$'000	2015 HK$'000
91–180 days	**5**	4
Over 180 days	**5,648**	1,115
	5,653	1,119

Movement in the allowance for doubtful debts

	2016 HK$'000	2015 HK$'000
Balance at the beginning of the year	**8,639**	9,475
Impairment loss on trade receivables	**244**	–
Reversal of impairment loss recognised	**–**	(836)
Exchange realignment	**(611)**	–
Balance at the end of the year	**8,272**	8,639

22. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2016 HK$'000	2015 HK$'000
Deposits for rental and utilities	**1,182**	738
Deposits for the proposed acquisition of subsidiaries (note a)	**5,000**	–
Refundable investment deposit (note b)	**20,000**	–
Prepayments for potential projects	**11,386**	12,075
Deposit for potential projects	**11,425**	–
Deposit for purchase	**7,616**	–
Other receivables	**20,948**	15,073
	77,557	27,886
Less: Accumulated impairment loss	**(3,752)**	(1,886)
	73,805	26,000

Note:

(a) The Group paid an initial deposit of HK$5 million for the proposed acquisition of equity interest of YSK 1860 Investment Company Limited and Ecrent (Hong Kong) Limited at the consideration of HK$122.63 million. The Group would have the right to demand full refund of the deposit if the acquisition is eventually unsuccessful.

(b) Investment deposit was related to a potential acquisition of a target company. Negotiation of this potential acquisition is still in progress.

23. CASH AND BANK BALANCES

	2016 HK$'000	2015 HK$'000
Cash and bank balances	**39,680**	62,946

As at the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$12.28 million (2015: HK$46.99 million). The RMB is not freely convertible into other currencies. However, under the PRC Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

24. TRADE PAYABLES

The credit terms of trade payables varies according to the terms agreed with different suppliers. The ageing analysis of the Group's trade payables as at the end of the reporting period is as follows:

	2016	2015
	HK$'000	HK$'000
0–30 days	**1,597**	1,445
31–60 days	**489**	723
61–180 days	**2,151**	465
Over 180 days	**8,603**	5,034
	12,840	7,667

25. SECURED BORROWINGS

	2016	2015
	HK$'000	HK$'000
Secured borrowings, repayment within one year	**5,814**	6,250

At 30 June 2016, the secured borrowings of RMB5.00 million (approximately equivalent to HK$5.81 million) is guaranteed and secured by properties of independent third parties.

At 30 June 2015, the secured borrowings of RMB5.00 million (approximately equivalent to HK$6.25 million) was secured by five properties provided by one of subsidiaries with an aggregate carrying value of RMB6.27 million (approximately equivalent to HK$7.84 million).

The effective interest rate of borrowings is 13% per annum and repayable within one year. (2015:16%)

26. DEFERRED TAXATION

Deferred tax liabilities:

	Fair value on intangible assets HK$'000
At 1 July 2014, 30 June 2015, and 1 July 2015	–
Acquisition of subsidiaries	4,753
Deferred tax charge to the consolidated statement of profit or loss	(526)
At 30 June 2016	4,227

At the end of the reporting period, the Group has unused tax losses of HK$72.18 million (2015: HK$68.08 million) available for offsetting against future taxable profits of the companies which incurred the losses. Deferred tax assets have not been recognised in respect of these losses due to the unpredictability of future profit streams.

27. SHARE CAPITAL

	Notes	Number of shares	Amount HK$'000
Authorised:			
At 1 July 2014, 30 June 2015, 1 July 2015 and 30 June 2016, at HK$0.025 each		20,000,000,000	500,000
Issued and fully paid:			
At 1 July 2014 at HK$0.025 each		1,668,407,948	41,710
Issue of shares pursuant to the open offer	a	834,203,974	20,855
At 30 June 2015 and 1 July 2015 at HK$0.025 each		2,502,611,922	62,565
First tranche subscription of new shares	b	105,000,000	2,625
Second tranche subscription of new shares	b	50,000,000	1,250
Third tranche subscription of new shares	b	70,000,000	1,750
Fourth tranche subscription of new shares	b	108,680,000	2,717
Placing of new shares	c	1,600,000,000	40,000
Share option exercises	d	20,000,000	500
At 30 June 2016		4,456,291,922	111,407

Notes:

(a) On 4 December 2014, the Company entered into an open offer with an aggregate of 834,203,974 shares to ultimate beneficial owners at a price HK$0.1 per share. The open offer was subsequently completed on 22 December 2014.

(b) On 10 July 2015, the Company entered into a subscription agreement with an agent for subscription a total number of 333,680,000 new shares at the subscription has been completed by four tranches by 105,000,000 shares, 50,000,000 shares, 70,000,000 shares 108,680,000 shares on 16 July 2015, 29 July 2015, 31 July 2015 and 5 August 2015 respectively.

(c) On 4 November 2015, the Company entered into placing agreement with a placing agent for placing an aggregate of 1,600,000,000 new shares to ultimate beneficial owners at a price of HK$0.10 per placing share. The placing was subsequently completed on 22 January 2016.

(d) The share option holder, Mr. Li Jingrui, exercised a total number of 20,000,000 ordinary shares at the exercised price of HK$0.145 each on 1 June 2016.

28. SHARE OPTION SCHEME

In connection with the listing of the Company's shares on the Main Board of the Stock Exchange, the Company conditionally adopted a share option scheme (the "Scheme") pursuant to an ordinary resolution passed by the shareholders of the Company on 2 December 2014. The Scheme became effective on 2 December 2014 upon the listing of the Company's shares on the Main Board of the Stock Exchange by way of introduction and, unless otherwise cancelled or amended, the Scheme remains in force for ten years from that date.

The purpose of this Scheme is to reward Participants who have contributed to the Group and to encourage Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole.

The participants of the Scheme include: directors (including executive directors, non-executive directors and independent non-executive directors) and employees of the Group and any advisors, consultants, business partners, joint venture business partners, promoters, service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group.

Share options granted to a director, chief executive or substantial shareholder of the Company, or any of their associates, are subject to approval in advance by independent non-executive directors of the Company. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK$5,000,000, in any twelve-month period up to the date of grant, are subject to shareholders' approval in advance in a general meeting.

The total number of shares of the Company in respect of which options may be granted under the Scheme must not exceed 283,629,192 shares, being 10% of the total number of shares of the Company in issue on the date when the 10% Scheme limit has been refreshed.

The total number of shares of the Company issued and to be issued upon exercise of the options granted and to be granted to each participant (including exercised and outstanding options) in any twelve-month period up to the date of grant shall not exceed 1% of the total number of shares of the Company in issue as at the date of grant (the "Individual Limit"). Any further grant of options in excess of the Individual Limit must be subject to shareholders' approval in general meeting with such participant and his or her associates abstaining from voting.

An option may be exercised at any time during a period as the Board of the Company may determine which shall not be more than ten years from the date of grant of the option.

Save as determined by the Board, there is no minimum period for which an option must be held before it can be exercised.

The acceptance of an offer of the grant of an option must be made within 28 days from the date upon which such offer is made with a non-refundable payment of HK$1.00 from the grantee to the Company by way of consideration for the grant thereof.

28. SHARE OPTION SCHEME *(Continued)*

The subscription price of a share of the Company in respect of any option shall be such price as the Board in its absolute discretion shall determine, save that such price will not be lower than the highest of: (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a trading day; (b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant of the option; and (c) the nominal value of the share.

Subject to earlier termination of the Company by resolution in general meeting, the Scheme shall be valid and effective till 2 December 2024. After the expiry of such valid period, no further options will be offered but in all other respects the provisions of the Scheme shall remain in full force and effect.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The fair value of equity-settled share options granted was estimated as at the date of grant, using the Binominal option price model, taking into accounts the terms and conditions upon which the share options were granted. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessary be the actual outcome. No other feature of the share options granted was incorporated into the measurement of fair value.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Number of share options						
Name of category/participant	**At 1 July 2015**	**Granted during the year**	**Exercised during the year**	**At 30 June 2016**	**Date of granted**	**Exercise period**	**Exercise price (HK$)**
Employees							
In aggregate	–	282,000,000	(20,000,000)	262,000,000	21 March 2016	21/3/2016 –21/3/2026	0.145

The options outstanding at 30 June 2016 had an exercise price at HK$0.145 per share and a weighted average remaining contractual life of 9.7 years.

The fair value of share options is determined at the date of grant using Binominal Option Pricing Model by an independent valuer and the following assumptions were used to calculate the fair value of share options:

28. SHARE OPTION SCHEME *(Continued)*

	21 March 2016
Fair value at grant date	HK$0.052
Share price	HK$0.138
Exercise price	HK$0.145
Expected Volatility of Underlying Share (expressed as weighted average Volatility used in the modeling under the Binominal Option Price Model)	109.74%
Option life (expressed as weighted average life used in the modeling under the Binominal Option Price Model)	10 years
Expected dividends	0%
Risk free rate (based on exchange fund notes)	1.228%

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

The equity-settled share-based payments charged to the profit or loss was HK$14,664,000 for the year ended 30 June 2016.

At the end of the reporting period, the Company has 262,000,000 share options outstanding. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 262,000,000 additional ordinary shares of the Company and additional share capital of approximately HK$6,550,000.

During the year ended 30 June 2016, a total number of 20,000,000 share options have been exercised.

29. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

The share premium account of the Group mainly includes: (i) shares issued at a premium; and (ii) the difference between the nominal value of the share capital of the subsidiaries acquired pursuant to the reorganisation scheme (the "Group Reorganisation") in preparation for the public listing of the Company's shares on the GEM of the Stock Exchange over the nominal value of the share capital of the Company issued in exchange therefore.

The Group's capital reserve represented the amount of retained earnings of Vitop China applied for the increase in its registered and paid-up capital.

In accordance with the relevant PRC regulations applicable to WOFE, Vitop China, being the wholly-owned subsidiary of the Company, is required to transfer 10% of their profit after tax, if any, to the statutory reserve until the balance of the fund reach 50% of their respective registered capital. Subject to certain restrictions as set out in the relevant PRC regulations, the statutory reserve may be used to offset against their respective accumulated losses.

30. ACQUISITION OF SUBSIDIARIES

(a) ACQUISITION OF ME IN HOLDINGS LIMITED

On 12 April, 2016, the Group completed the acquisition of 100% equity interest in Me In Holdings Limited and its subsidiaries (the "Me In Group") from an independent third party at a consideration of HK$10 million in cash.

The fair value of the identifiable assets and liabilities of Me In Group as at date of acquisition were as follows:

	2016 HK$'000
Property, plant and equipment	10
Tradename	7,860
Inventories	567
Cash and bank balances	2
Trade receivables	193
Prepayment	–
Accrued liabilities and other payables	(221)
Deferred tax liabilities	(1,297)
Total identifiable net assets at fair value	7,114
Goodwill	2,886
Total consideration satisfied by cash	10,000
Net cash outflow arising on acquisition	
Cash and cash equivalent acquired	2
Cash consideration	(10,000)
Net cash outflow arising from acquisition of Me In Group	(9,998)

Acquisition of Me In Group

During the year ended 30 June 2016, Me In Group contributed approximately HK$2,000 to the Group's revenue and loss of approximately HK$278,000 to the Group's results in aggregate for the period from the date of acquisition to 30 June 2016.

If the acquisition of the Me In Group had been completed on 1 July 2015, total Group's revenue for the year ended 30 June 2016 would have been approximately HK$105,901,000 and loss for the year ended 30 June 2016 would have been HK$113,918,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 July 2015, nor is it intended to be a projection of future results.

In determining the "pro-forma" revenue and loss for the Group had Me In Group been acquired at the beginning of the current year, the directors have calculated depreciation and amortisation of property, plant and equipment and tradename acquired on the basis of the fair value arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements.

30. ACQUISITION OF SUBSIDIARIES *(Continued)*

(b) ACQUISITION OF FINE TREASURE ASIA LIMITED

On 1 March 2016, the Group completed the acquisition of 100% equity interest in Fine Treasure Asia Limited and its subsidiaries (the "Fine Treasure Group") from an independent third party at a consideration of HK$24 million in cash.

The fair value of the identifiable assets and liabilities of Fine Treasure Group as at date of acquisition were as follows:

	2016 HK$'000
Property, plant and equipment	43
Tradename	20,947
Inventories	585
Cash and bank balances	325
Trade receivables	648
Other receivables	279
Trade payables	(418)
Accrual liabilities	(608)
Deferred tax liabilities	(3,456)
Total identifiable net assets at fair value	18,345
Goodwill	5,655
Total consideration satisfied by cash	24,000
Net cash outflow arising on acquisition	
Cash and cash equivalent acquired	325
Cash consideration	(24,000)
Net cash outflow arising from acquisition of Fine Treasure Group	(23,675)

30. ACQUISITION OF SUBSIDIARIES *(Continued)*

(b) ACQUISITION OF FINE TREASURE ASIA LIMITED *(Continued)*

Acquisition of Fine Treasure Group

During the year ended 30 June 2016, Fine Treasure Group contributed approximately HK$1,546,000 to the Group's revenue and loss of approximately HK$1,394,000 to the Group's results in aggregate for the period from the date of acquisition to 30 June 2016.

If the acquisition of the Fine Treasure Group had been completed on 1 July 2015, total Group's revenue for the year ended 30 June 2016 would have been approximately HK$110,531,000 and loss for the year ended 30 June 2016 would have been HK$116,988,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 July 2015, nor is it intended to be a projection of future results.

In determining the "pro-forma" revenue and loss for the Group had Fine Treasure Group been acquired at the beginning of the current year, the directors have calculated depreciation and amortisation of property, plant and equipment and tradename acquired on the basis of the fair value arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements.

(c) ACQUISITION OF ZHUHAI WEI TUO PO TECHNOLOGY LIMITED

On 30 June 2014, the Group acquired 49% equity interest of Wei Tuo Po, for a consideration of RMB2.45 million (equivalent to HK$3.06 million) in cash. On 31 December 2014, the Group acquired a further 51% equity interest and obtained the control of Wei Tuo Po with a consideration of RMB0.86 million (equivalent to HK$1.08 million) in cash.

Wei Tuo Po is a company established in the PRC, and it is manufacturing and trading of multi-functional water generators and ionisers. The acquisition of Wei Tuo Po allows the Group have a stable source of supply, increase its presence in the market and reduce cost in purchase.

30. ACQUISITION OF SUBSIDIARIES *(Continued)*

(c) ACQUISITION OF ZHUHAI WEI TUO PO TECHNOLOGY LIMITED *(Continued)*

The following table summaries the consideration paid for Wei Tuo Po, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date:

The fair value of the identifiable assets and liabilities of Wei Tuo Po as at date of acquisition were as follows:

	2015 HK$'000
Property, plant and equipment	887
Inventories	1,427
Cash and bank balances	266
Trade receivables	421
Other receivables	559
Amount due from a shareholder	106
Trade payables	(151)
Accrued liabilities and other payables	(125)
Total identifiable net assets at fair value	3,390
Gain on bargaining purchase arising from the acquisition	(654)
Total consideration satisfied by:	
Cash	1,075
Fair value of previously interests in an associate	1,661
	2,736
Net cash outflow arising from acquisition	
Cash and cash equivalent acquired	266
Cash consideration	(1,075)
Net cash outflow arising from acquisition of Wei Tuo Po	(809)

30. ACQUISITION OF SUBSIDIARIES *(Continued)*

(d) ACQUISITION OF GUANGZHOU ZHAN'AO TRADE COMMERCE COMPANY LIMITED

On 27 November 2014, the Group completed the acquisition of 100% equity interest in Guangzhou Zhan'ao Trade Commerce Company Limited ("Guangzhou Zhan'ao") from an independent third party at a consideration of RMB6.27 million (approximately equivalent to HK$7.84 million) and the amount due to then shareholder in the amount of RMB5.26 million (approximately equivalent to HK$6.58 million).

The fair value of the identifiable assets and liabilities of Guangzhou Zhan'ao as at date of acquisition were as follows:

	2015 HK$'000
Investment properties	7,837
Cash and bank balances	34
Other payables	(92)
Amount due to a shareholder	(6,576)
Total identifiable net assets at fair value	1,203
Amount due to a shareholder	6,576
Goodwill	61
Total consideration satisfied by cash	7,840
Net cash outflow arising from acquisition	
Cash and cash equivalent acquired	34
Cash consideration	(7,840)
Net cash outflow arising from acquisition of Guangzhou Zhan' ao	(7,806)

31. COMMITMENTS

(a) Operating lease commitment

(i) The Group as lessee

The Group leases certain of its offices and warehouses under non-cancellable operating lease arrangements with lease terms ranging from one to five years. As at 30 June 2016, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2016	2015
	HK$'000	HK$'000
Within one year	**2,660**	1,926
In the second to fifth years, inclusive	**1,443**	3,525
	4,103	5,451

(ii) The Group as lessor

Property rental income earned during the year was HK$558,000 (2015: HK$383,000) and with committed tenants with the longest tenure for 14 years.

At the end of the reporting period, the Group had contracted with tenants for the following minimum lease payment:

	2016	2015
	HK$'000	HK$'000
Within one year	**558**	530
In the second to fifth years, inclusive	**2,635**	2,056
After fifth years	**7,953**	7,999
	11,146	10,585

(b) Capital commitment

The Group did not have any significant capital commitment as at the end of the reporting period (2015: Nil).

32. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of debt and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

Gearing ratio

The directors review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. During the year ended 30 June 2016, the Group's strategy, which was unchanged from previous years, was to reduce the gearing ratio. The ratio is calculated based on total debt and shareholders equity.

The gearing ratio at the year end was as follows:

	2016 **HK$'000**	2015 HK$'000
Total debt	**35,600**	70,070
Shareholders' equity	**269,508**	164,182
Gearing ratio	**13.21%**	42.68%

33. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following material transactions and balances with certain related parties:

(a) Related party balances

	2016 **HK$'000**	2015 HK$'000
Amount due to a director (Note)	**–**	98

Note:

The amount is unsecured, interest free and repayable on demand.

33. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Related party transactions

	2016	2015
	HK$'000	HK$'000
Purchase of inventories from an associate (Note)	–	298

Note:

The Group's transaction with an associate was made in accordance with the mutually agreed terms.

(c) Compensation of key management personnel of the Group

The Directors are of the opinion that the key management personnel were the executive directors of the Company, details of whose emoluments are set out in Note 13(a) and certain highest paid employees whose remunerations are set out in Note 13(b).

34. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2016 HK$'000	2015 HK$'000
Financial assets		
Available-for-sales investments	–	21,700
Trade receivables	**42,508**	1,476
Deposits and other receivables	**62,419**	13,925
Cash and bank balances	**39,680**	62,946
	144,607	100,047
Financial liabilities		
Trade payables	**12,840**	7,667
Accrued liabilities and other payables	**4,246**	46,896
Amount due to a director	–	98
Secured borrowings	**5,814**	6,250
Trade Deposits received	**8,451**	9,145
	31,351	70,056

(b) Financial risk management objectives and policies

The main risks arising from the Group's financial instruments are market risk (including interest rate risk and foreign exchange risk), credit risk and liquidity risk. The management reviews and agrees policies for managing each of these risks and they are summarised below.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and equity prices.

Market risk exposures are measured by sensitivity analysis. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

34. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Interest rate risk management

Except as disclosed below, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's cash flow interest-rate risk mainly arises from bank balances. The Group regularly seeks out the most favourable interest rates available for its bank balances. Bank balances issued at variable rates expose the Group to cash flow interest rate risk. Information relating to the interest rates and terms of the Group's bank balances are disclosed in Note 23. As at 30 June 2016, if the market interest rates had been 50 basis points higher/lower with all other variables held constant, post-tax loss for the year would have been HK$198,000 (2015: HK$315,000) lower/higher, mainly as a result of higher/lower interest income on bank balances and cash net off with interest expense on fixed rate bank and other borrowings.

The Group's financial liabilities bore at fixed interest rate which merely comprise secured bank and other borrowings. Accordingly, management considers the Group has no significant fair value interest rate risk from financial liabilities and no sensitivity analysis has been presented.

The Group has not entered into any interest rate swaps to hedge its exposure to interest rate risks.

Foreign exchange risk management

Several subsidiaries of the Group have foreign currency sales and purchases, which expose the Group to foreign currency risk. The Group's sales and purchases are denominated primarily in Renminbi, which expose the Group to foreign currency risk. The Group does not have any formal hedging policy.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	2016	2015
	HK$'000	HK$'000
Assets		
RMB	**54,648**	2,840
NZD	**2,295**	–
	56,943	2,840
Liabilities		
RMB	**34,748**	–
NZD	**1,053**	–
	35,801	–

34. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Sensitivity analysis on foreign currency risk management

The following table details the Group's sensitivity to a 5% increase and decrease in the Hong Kong dollars against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items, and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A negative number below indicates a decrease in profit where the Hong Kong dollars strengthen 5% against the relevant currency. For a 5% weakening of the Hong Kong dollars against the relevant currency, there would be an equal and opposite impact on the profit and the balances below would be positive.

	2016	2015
	HK$'000	HK$'000
Impact of RMB		
Profit and loss#	**995**	142
Impact of NZD		
Profit and loss#	**62**	–
	1,057	142

\# This is mainly attributable to the exposure outstanding on receivables and payables denominated in RMB and NZD.

Credit risk

As at 30 June 2016, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group has put in place policies to ensure that sales of products are made to customers with an appropriate credit history and the Group performs period credit evaluations of its customers. In addition, the Group reviews the recoverable amount of each individual trade debt and debt investments at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk.

34. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its current obligations when they fall due.

The Group measures and monitors its liquidity through the maintenance of prudent ratio regarding to the liquidity structure of the overall assets, liabilities loans and commitments as the Group. The Group also monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operation and mitigate the effects of fluctuations in cash flows.

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

	Weighted average effective interest rate	**Within 1 year or repayable on demand**	**2 to 5 year**	**Total undiscounted cash flows**	**Carrying value**
	%	HK$'000	HK$'000	HK$'000	HK$'000
At 30 June 2016					
Non-interest bearing	**–**	**25,537**	**–**	**25,537**	**25,537**
Interest bearing	**13**	**5,814**	**–**	**5,814**	**5,814**
		31,351	**–**	**31,351**	**31,351**
At 30 June 2015					
Non-interest bearing	–	63,806	–	63,806	63,806
Interest bearing	16	6,667	–	6,667	6,667
		70,473	–	70,473	70,473

34. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Fair value of financial instruments

The fair value of financial assets and financial liabilities are determined as follows:

(i) Financial instruments carried at fair value

The following table presents the carrying value of the financial instruments measured at fair value at the consolidated statement of financial position date across the three levels of the fair value hierarchy defined in HKFRS 7, Financial Instruments: Disclosures, with the fair value of each financial instruments categorised in its entirely 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: fair values measured using quoted prices in active market for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable data.

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

The Group does not have financial instruments recorded at fair value as at 30 June 2016 and 2015.

(ii) Financial instruments carried at other than fair value

All significant financial assets and liabilities are carried at amounts not materially different from their fair values as at 30 June 2016 and 2015, except for the balances due to a director, an associate and accrued liabilities and other payables, which are interest-free and have no fixed repayment terms. Given these terms, it is not meaningful to disclose their fair values.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in this entirety.

35. STATEMENT OF FINANCIAL POSITION FOR THE COMPANY

	2016	2015
	HK$'000	HK$'000
Non-current assets		
Property, plant and equipment	**14**	18
Interests in subsidiaries	**13,000**	13,000
Available-for-sale investments	**–**	21,700
	13,014	34,718
Current assets		
Amounts due from subsidiaries	**229,010**	184,780
Dividend receivable from subsidiary	**4,199**	–
Deposits, prepayments and other receivables	**3,425**	3,301
Cash and bank balances	**18,976**	15,129
	255,610	203,210
Current liabilities		
Amounts due to subsidiaries	**1,000**	3,926
Accrued liabilities and other payables	**931**	16,615
	1,931	20,541
Net current assets	**253,679**	182,669
Total assets less current liabilities	**266,693**	217,387
Net assets	**266,693**	217,387
Capital and reserves		
Share capital	**111,407**	62,565
Reserves (Note)	**155,286**	154,822
Total equity	**266,693**	217,387

Approved and authorised for issue by the Board on 27 September 2016

Xu Zhifeng
Director

Chan Shun Yee
Director

35. STATEMENT OF FINANCIAL POSITION FOR THE COMPANY *(Continued)*

Note:

A summary of the Company's reserve is as follows:

	Share premium HK$'000	Capital redemption reserve HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 30 June 2014 and at 1 July 2014	198,996	29	–	(81,334)	117,691
Issue of shares pursuant to the open offer	62,565	–	–	–	62,565
Share issue expenses	(2,419)	–	–	–	(2,419)
Loss for the year	–	–	–	(23,015)	(23,015)
At 30 June 2015 and at 1 July 2015	**259,142**	**29**	**–**	**(104,349)**	**154,822**
Subscription of new shares	**41,710**	**–**	**–**	**–**	**41,710**
Share issue expenses of subscription of shares	**(300)**	**–**	**–**	**–**	**(300)**
Placing of shares	**120,000**	**–**	**–**	**–**	**120,000**
Share placing expenses	**(5,196)**	**–**	**–**	**–**	**(5,196)**
Grant of share option	**–**	**–**	**14,664**	**–**	**14,664**
Exercise of share option	**3,440**	**–**	**(1,040)**	**–**	**2,400**
Loss for the year	**–**	**–**	**–**	**(172,814)**	**(172,814)**
At 30 June 2016	**418,796**	**29**	**13,624**	**(277,163)**	**155,286**

36. EVENTS AFTER THE REPORTING PERIOD

1. On 3 May 2016, the Company entered into a sales and purchase agreement with an independent third party to acquire 100% equity interest in ECrent (Hong Kong) Limited ("ECrent") at a consideration of HK$122,628,579, to be settled by way of cash payment of HK$10 million and 487,992,111 new shares for the remaining HK$112,628,579. ECrent runs the online rental platform business under the ECrent license in Hong Kong and owns 0.34% equity interests or 407,106 shares in ECrent (USA) Company Limited which runs the online rental platform business under the ECrent license in the United States. On 12 August 2016, the acquisition was completed with both cash and share consideration paid. For further details, please refer to the announcements of the Company dated 4 May 2016, 31 May 2016, 29 July 2016, and 12 August 2016.

2. On 8 July 2016, the Company entered into a memorandum of understanding with a Vendor in which a director of the Company has 15% equity interests, for an intended acquisition of 100% equity interest in a target group of companies operating a e-commerce platform (known as 消費寶 "Xiaofeibao") in mainland China under a "Factory to Consumer"(F2C) business model which promotes disintermediation of the traditional model of middleman distribution channels. No formal sales and purchase agreement has yet been reached at the reporting date. For details, please refer to the announcement of the Company dated 8 July 2016.

3. On 10 September 2016, the Company entered into a memorandum of understanding with a Vendor for an intended further acquisition of interests in whole or in part of the Vendor's Group of companies known as the ECrent Group, which together with its affiliates across the globe, is primarily engaged in operating an online global sharing platform worldwide. Pursuant to the memorandum of understanding, the Company intended to purchase and the Vendor intended to sell equity interests of certain companies in ECrent Group which operate ECrent online rental platform in 31 countries and regions around the world. No formal sales and purchase agreement has yet been reached at the reporting date. For details, please refer to the announcement of the Company dated 10 September 2016.

37. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issued by the Board on 27 September 2016.

SUMMARY OF FINANCIAL INFORMATION

	Year ended 30 June				
	2016	2015	2014	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**105,893**	27,739	14,420	19,823	20,484
Loss before income tax	**(113,264)**	(30,431)	(25,468)	(14,588)	(20,039)
Income tax	**458**	(14)	–	–	–
Loss for the year	**(112,806)**	(30,445)	(25,468)	(14,588)	(20,039)
Attributable to:					
Owners of the Company	**(112,641)**	(30,386)	(25,262)	(14,404)	(19,860)
Non-controlling interests	**(165)**	(59)	(206)	(184)	(179)
	(112,806)	(30,445)	(25,468)	(14,588)	(20,039)

	At 30 June				
	2016	2015	2014	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets and liabilities					
Total assets	**306,359**	235,712	153,108	131,511	140,550
Total liabilities	**(35,600)**	(70,070)	(40,115)	(24,616)	(21,070)
Non-controlling interests	**(1,251)**	(1,460)	(1,519)	(1,725)	(1,909)
Equity attributable to owners of the Company	**269,508**	164,182	111,474	105,170	117,571