朗力福®

LONGLIFE GROUP HOLDINGS LIMITED
朗力福集團控股有限公司

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

(Stock code: 8037)

ANNUAL RESULTS ANNOUNCEMENT FOR FIFTEEN MONTHS ENDED 31 DECEMBER 2013

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

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

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

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This announcement, for which the directors ("Directors") of Longlife Group Holdings Limited ("Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange ("GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement herein or this announcement misleading.

FINAL RESULTS

The board ("Board") of directors ("Directors") of Longlife Group Holdings Limited ("Company") announces the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the fifteen months ended 31 December 2013, together with the comparative figures for the twelve months ended 30 September 2012, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the fifteen months ended 31 December 2013

	Note	**1.10.2012 – 31.12.2013** ***HK$'000***	1.10.2011 – 30.9.2012 *HK$'000* (Restated)
Continuing operations			
Gross proceeds	*6*	**204,204**	108,397
Turnover	*6*	**106,625**	61,267
Cost of sales		**(61,783)**	(22,839)
Gross profit		**44,842**	38,428
Other loss	*7*	**(13,373)**	(2,059)
Administrative expenses		**(38,533)**	(24,357)
Selling and distribution expenses		**(35,773)**	(23,804)
Loss from operation		**(42,837)**	(11,792)
Finance costs	*8*	**(4,475)**	(2,989)
Share of loss of a joint venture		**(191)**	–
Impairment loss recognised on goodwill		**(20,945)**	–
Impairment loss recognised on intangible asset		**(7,223)**	–
Gain on deconsolidation of a subsidiary		**1,041**	–
Loss before tax	*9*	**(74,630)**	(14,781)
Income tax expenses	*10*	**(659)**	(86)
Loss from continuing operations		**(75,289)**	(14,867)
Discontinued operations			
Profit/(loss) from discontinued operations, net of tax	*16*	**28,008**	(7,911)
Loss for the period/year		**(47,281)**	(22,778)
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss:			
Release of exchange difference upon deconsolidation of a subsidiary		**(431)**	–
Exchange difference arising on translation of foreign operations		**(1,156)**	10
Total comprehensive loss for the period/year		**(48,868)**	(22,768)

	Note	**1.10.2012 – 31.12.2013** *HK$'000*	1.10.2011 – 30.9.2012 *HK$'000* (Restated)
Loss attributable to:			
Equity holders of the Company		**(47,281)**	(20,698)
Non-controlling interests		**–**	(2,080)
		(47,281)	(22,778)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(48,868)**	(20,681)
Non-controlling interests		**–**	(2,087)
		(48,868)	(22,768)
Dividends	*11*	**–**	–
Loss per share (HK$)			
– basic	*12*	**(0.178)**	(0.107)
– diluted		**(0.178)**	(0.107)
Loss per share – continuing operations (HK$)	*12*		
– basic		**(0.284)**	(0.077)
– diluted		**(0.284)**	(0.077)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**31.12.2013** *HK$'000*	30.9.2012 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**17,874**	14,150
Prepaid lease payments		**4,606**	4,557
Goodwill	*13*	**24,439**	–
Intangible asset		**447**	–
Investment in a joint venture		**28,789**	–
		76,155	18,707
CURRENT ASSETS			
Prepaid lease payments		**116**	121
Held for trading securities		**49,981**	66,713
Inventories		**56,869**	44,273
Trade and bills receivables	*14*	**24,277**	11,791
Deposit, prepayments and other receivables		**33,516**	10,225
Pledged cash deposits		**1,374**	–
Cash and cash equivalents		**32,092**	38,277
Assets held for sale	*16*	**–**	818
		198,225	172,218
CURRENT LIABILITIES			
Trade and bill payables	*17*	**25,764**	8,623
Other payables and accruals		**69,901**	63,259
Bank and other borrowings		**50,096**	12,228
Tax payable		**428**	–
		146,189	84,110
NET CURRENT ASSETS		**52,036**	88,108
NET ASSETS		**128,191**	106,815
CAPITAL AND RESERVES			
Share capital		**3,144**	115,208
Share premium and reserves		**125,047**	(8,711)
Equity attributable to equity holders of the Company		**128,191**	106,497
Non-controlling interests		**–**	318
TOTAL EQUITY		**128,191**	106,815

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company											
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Share options reserve** *HK$'000*	**Special reserve** *HK$'000* *(Note a)*	**Convertible notes equity reserve** *HK'000$*	**Statutory surplus reserve fund** *HK$'000* *(Note b)*	**Statutory enterprises expansion fund** *HK$'000* *(Note c)*	**Exchange reserves** *HK$'000*	**Accumulated losses** *HK$'000*	**Sub-total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total equity** *HK$'000*
At 1 October 2011	96,008	79,168	8,574	22,443	–	15,479	3,098	25,262	(154,708)	95,324	2,405	97,729
Loss for the year	–	–	–	–	–	–	–	–	(20,698)	(20,698)	(2,080)	(22,778)
Other comprehensive income:												
Exchange difference on translation of foreign subsidiaries	–	–	–	–	–	–	–	17	–	17	(7)	10
Total comprehensive income/(loss) for the year	–	–	–	–	–	–	–	17	(20,698)	(20,681)	(2,087)	(22,768)
Recognition of equity settled share-based payment expenses	–	–	2,838	–	–	–	–	–	–	2,838	–	2,838
Issue of ordinary shares by placing	19,200	10,560	–	–	–	–	–	–	–	29,760	–	29,760
Less: Share issue expenses on placing	–	(744)	–	–	–	–	–	–	–	(744)	–	(744)
At 30 September 2012 and 1 October 2012	115,208	88,984	11,412	22,443	–	15,479	3,098	25,279	(175,406)	106,497	318	106,815
Loss for the period	–	–	–	–	–	–	–	–	(47,281)	(47,281)	–	(47,281)
Other comprehensive income:												
Release of exchange differences upon deconsolidation of a subsidiary	–	–	–	–	–	–	–	(431)	–	(431)	–	(431)
Exchange difference on translation of foreign operations	–	–	–	–	–	–	–	(1,156)	–	(1,156)	–	(1,156)
Total comprehensive loss for the period	–	–	–	–	–	–	–	(1,587)	(47,281)	(48,868)	–	(48,868)
Issuing convertible notes for acquisition of subsidiaries	–	–	–	–	4,710	–	–	–	–	4,710	–	4,710
Share issued on conversion of convertible notes	23,000	–	–	–	(4,710)	–	–	–	–	18,290	–	18,290
Recognition of equity settled share-based payment expenses	–	–	1,962	–	–	–	–	–	–	1,962	–	1,962
Acquisition of subsidiaries *(Note15)*	19,000	26,600	–	–	–	–	–	–	–	45,600	–	45,600
Capital reorganisation	(154,064)	(115,584)	–	212,948	–	–	–	–	56,700	–	–	-
Disposal of a subsidiary	–	–	–	–	–	–	–	–	–	–	(318)	(318)
At 31 December 2013	**3,144**	**-**	**13,374**	**235,391**	**-**	**15,479**	**3,098**	**23,692**	**(165,987)**	**128,191**	**-**	**128,191**

Notes:

a. Special reserve of approximately HK$22,443,000 represents the difference between the paid-up capital and share premium of the subsidiary acquired and the nominal value of the Company's shares issued for the acquisition at the time of the Group reorganisation.

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 2013

1. GENERAL INFORMATION

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

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

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

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

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

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

2. BASIS OF PREPARATION

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

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

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

3. GOING CONCERN CONVENTION

In preparing the consolidated financial statements, the directors of the Company ("Directors") have given careful consideration to the liquidity of the Group as the Group has sustained operating losses for 5 consecutive years and incurred loss of approximately HK$47,281,000 for the fifteen months ended 31 December 2013 (twelve months ended 30 September 2012: HK$22,778,000).

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

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

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

In the opinion of the Directors, as the measures described above accomplished the expected results, the Directors are satisfied that the Group is able to have sufficient working capital to meet in full its financial obligations as they fall due in the foreseeable future and be able to return to a commercially viable concern. As at 31 December 2013, the net current asset of the Group is approximately HK$52 million. The Group allotted and issued 245,000,000 new shares of HK$0.01 each of the Company (each, a "Placing Share") by way of placing ("Placing") to independent third parties at placing price of HK$0.204 per Placing Share and the completion of the Placing took place on 25 February 2014. Details of the Placing are disclosed in the announcements of the Company dated 17 December 2013, 29 January 2014 and 25 February 2014 and the circular of the Company dated 10 January 2014.

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

4. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

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

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

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

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

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

[1] Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.

[2] Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

[3] Available for application - the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

[4] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

The Directors anticipate that the application of these new and revised HKFRSs will have no material impact on the Group's financial performance and positions and/or on the disclosures set out in these consolidated financial statements.

5. SEGMENT INFORMATION

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

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

Consolidated statement of profit or loss
For the fifteen months ended 31 December 2013

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

For the twelve months ended 30 September 2012 (Restated)

	Manufacturing and sales of consumer cosmetics *HK'000*	Manufacturing and sales of health related products *HK'000*	Trading of financial asset at fair value through profit or loss *HK'000*	Investment in a joint venture *HK$'000*	Others *HK'000*	Continuing operations *HK'000*	Discontinued operations *HK'000*	Total *HK'000*
Gross proceeds – Segment turnover *(Note)*	39,640	17,113	47,130	–	4,514	108,397	42,140	150,537
Segment results	3,387	(2,920)	(4,132)	–	41	(3,625)	(789)	(4,414)
Unallocated other gain						2,039	1,115	3,154
Unallocated corporate expenses						(10,206)	–	(10,206)
Impairment loss recognised on assets held for sales						–	(7,431)	(7,431)
Finance costs						(2,989)	(806)	(3,795)
Income tax expenses						(86)	–	(86)
Loss for the year						(14,867)	(7,911)	(22,778)

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

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

Consolidated statement of financial position
As at 31 December 2013

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

Consolidated statement of financial position
As at 30 September 2012 (Restated)

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

Other segment information
For the fifteen months ended 31 December 2013

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

Other segment information
For the twelve months ended 30 September 2012 (Restated)

	Manufacturing and sales of consumer cosmetics *HK'000*	Manufacturing and sales of health related products *HK'000*	Trading of financial asset at fair value through profit or loss *HK'000*	Investment in a joint venture *HK$'000*	Others *HK'000*	Continuing operations *HK'000*	Discontinued operations *HK'000*	Total *HK'000*
Capital expenditures	431	289	–	–	22	742	49	791
Amortisation of prepaid lease payments	70	47	–	–	4	121	33	154
Depreciation of property, plant and equipment	686	456	–	–	339	1,481	664	2,145
Impairment loss of obsolete stocks	183	123	–	–	10	316	–	316
Gain on disposal of property, plant and equipment	(44)	(30)	–	–	(2)	(76)	–	(76)

Geographical information

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

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

(a) *Turnover from external customer*

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

(b) *Non-current asset*

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

Information about major customers

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

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

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

6. TURNOVER

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

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

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

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

7. OTHER LOSS

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

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

8. FINANCE COSTS

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

9. LOSS BEFORE TAX

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

10. INCOME TAX EXPENSES

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

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

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

11. DIVIDENDS

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

12. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the fifteen months ended 31 December 2013.

For continuing and discontinued operations

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

For continuing operations

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

For discontinued operations

Basic loss per Share for the discontinued operations is HK$0.106 (Basic loss per Share for the discontinued operations of 30 September 2012: HK$0.03) based on the profit attributable to the equity holders of the Company from the discontinued operations of approximately HK$28,008,000 (the loss attributable to the equity holders of the Company from discontinued operations of 30 September 2012: HK$5,839,000).

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

13. GOODWILL

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

All goodwill arose as a result of acquisition of businesses.

Impairment tests for cash-generating units containing goodwill

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

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

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

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

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

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

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

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

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

Key assumptions used in the calculation of value in use were discount rate, growth rate and budgeted cash flow forecast. The discount rate is 15.90% which was an after-tax measure based on ten-year China Sovereign Bond yield of 4.78% as at 31 December 2013, adjusted for a risk premium of 3% to reflect specific risks related to the cash-generating units. The average growth rate is 15.71%. Cash Flow, beyond the five-year was projected by using a steady growth rate of 3.00%. The budget cash flow forecast was prepared based on the key assumptions that (1) the operation of the Icy Snow Group which would achieve the projected sales was mainly attributable to (a) sales of pharmaceutical drugs from existing suppliers; (b) increasing promotion of medical device; and (c) diversification of products by engaging with new suppliers in Hong Kong and in the PRC; and (2) the Icy Snow Group will successfully purchase products from existing and new suppliers and be able to attract customers to order the new products of the Group.

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

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

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

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

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

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

14. TRADE AND BILLS RECEIVABLES

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

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

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

Ageing analysis of trade receivables past due but not impaired:

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

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

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

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

The individually impaired receivables are recognised based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions. At the end of the reporting period, included in the allowance for doubtful debts were individually impaired trade receivables with an aggregate balance of approximately HK$14,432,000 (30 September 2012: HK$18,367,000).

Trade and bill receivables denominated in other currency

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

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

15. ACQUISITION OF SUBSIDIARIES

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

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

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

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

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

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

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

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

IMPACT OF ACQUISITIONS OF THE RESULTS OF THE GROUP

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

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

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

16. DISCONTINUED OPERATION/ASSETS HELD FOR SALE

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

Pursuant to a sale and purchase agreement dated 14 December 2012, the Group disposed of its 61.11% shares in ZS Capsules for an aggregate consideration of HK$500,000. Loss on disposal of its investment in ZS Capsules approximately HK$318,000 was recognized and completed on 7 June 2013.

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

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

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

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

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

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

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

For the twelve months ended 30 September 2012

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

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

For the fifteens months ended 31 December 2013

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

17. TRADE AND BILLS PAYABLES

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

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

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

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

18. PLEDGE OF ASSETS

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

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

19. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with the presentation for the fifteen months ended 31 December 2013.

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

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

The Company's independent auditor has qualified the Group's consolidated financial statement for the fifteen months ended 31 December 2013, an extract of which is as follows:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013 and of the Group's loss and cash flows for the period then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Other Matter

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Significant change of the business structure

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

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

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

Expanding existing core business by vertical and horizontal acquisitions

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

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

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

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

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

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

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

FINANCIAL REVIEW

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

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

Revenue

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

The disposal of synthetic rubber trading business during the 2013 Period has been restated and reclassified to the discontinued operation as the Group has disposed of Sinogate Energy Limited and its subsidiaries. The turnover of approximately HK$33,385,000 generated by disposal of synthetic rubber's trading business was included in the gain from the discontinued operation, net of tax in the consolidated statement of comprehensive income for the year ended 31 December 2012, as comparative figure.

Gross profit and gross profit margin

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

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

Administrative expenses

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

Selling and distribution expenses

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

Discontinued operation

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

Loss for the 2013 Period

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

CAPITAL STRUCTURE

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

FOREIGN EXCHANGE EXPOSURE

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

CONTINGENT LIABILITIES

The Company and Capital VC Limited have jointly entered into tenancy agreement for the lease of office premises for a term of three years from 5 July 2010 to 4 July 2013. As at 31 December 2013, the maximum rental liabilities of the Company should there be any default of rental payment of Capital VC Limited would be HK$Nil (30 September 2012: HK$1,054,000) as the Company ceased to rent such premises on 4 July 2013.

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

CAPITAL COMMITMENTS

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

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

OPERATING LEASE COMMITMENTS – GROUP AS LESSEE

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

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

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

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

OPERATING LEASE COMMITMENTS – GROUP AS LESSOR

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

LAND AND BUILDING	31.12.2013	30.9.2012
	HK$'000	*HK$'000*
Within one year	**120**	–
In the second to fifth year inclusive	**394**	–
	514	–

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

EMPLOYEES AND REMUNERATION POLICY

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

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

PENSION SCHEME

The employees of the subsidiaries of the Company are members of retirement benefits scheme according to the statutory requirements. The relevant subsidiaries of the Company are required to make contributions to the defined contribution pension scheme based on certain percentage of the monthly salaries of their current employees to fund the benefits. The employees are entitled to retirement pension calculated with reference to their basic salaries on retirement and their length of service in accordance with the relevant government regulations.

In addition, pursuant to regulations stipulated by the PRC government, the PRC subsidiary of the Company started a defined contribution health care scheme. The employees currently under the defined contribution pension scheme are entitled to the health care scheme. Under this scheme, the PRC subsidiary of the Company and the relevant employees have to contribute certain percentage of the employee's salary to the scheme.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

Except for the acquisitions of subsidiaries disclosed in note 15 above to this announcement and disposal of subsidiary disclosed in note 16 above to this announcement, the Group had no material acquisition or disposal of subsidiaries during the 2013 Period.

PLEDGE OF ASSETS

At end of the reporting period, the Group has pledged the assets amounted to approximately HK$60,254,000 (30 September 2012: HK$77,722,000) to secure financing facilities. Details of the pledge of assets are stated in note 18 above to this announcement.

FUTURE OUTLOOK

To revamp our investment strategies

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

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

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

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

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

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

CORPORATE GOVERNANCE PRACTICES

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

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

Code provision A4.2 specifies that all Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting of the Company after appointment. Mr. Leung Pak Hou Anson, Ms. Chen Miaoping and Mr. Leung Ka Fai will retire by rotation at the forthcoming annual general meeting of the Company and, being eligible, will offer themselves for re-election.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry with all Directors, the Company confirmed that all Directors have complied with the code of conduct and the required standard of dealings concerning securities transactions by the Directors during the 2013 Period.

AUDIT COMMITTEE

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchase, sold or redeemed any of the Company's listed securities during the 2013 Period.

By order of the Board
Longlife Group Holdings Limited
Cheung Hung
Chairman

Hong Kong, 20 March 2014

As at the date of this announcement, the executive Directors are Mr. CHEUNG Hung (Chairman), Mr. LEUNG Pak Hou Anson and Ms. CHEN Miaoping (Chief Executive Officer); and the independent non-executive Directors are Mr. YEUNG Chi Tit, Mr. KWOK Shun Tim and Mr. LEUNG Ka Fai.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication and on the website of the Company at www.longlife.com.hk.