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VITOP BIOENERGY HOLDINGS LIMITED
(天年生物控股有限公司)*
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1178)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2009

RESULTS

The board of directors (the "Board") of Vitop Bioenergy Holdings Limited ("Vitop" or the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30 June 2009, together with the comparative figures for 2008, as follows:

CONSOLIDATED INCOME STATEMENT

	Notes	**2009** *HK$'000*	2008 *HK$'000*
Revenue	*4*	**88,062**	111,137
Cost of sales		**(52,243)**	(61,962)
Gross profit		**35,819**	49,175
Other income	*5*	**9,182**	3,379
Selling and distribution costs		**(23,021)**	(22,125)
Administrative expenses		**(24,622)**	(36,335)
Other operating expenses		**(3,412)**	(2,963)
Loss from operating activities	*6*	**(6,054)**	(8,869)
Finance costs	*7*	**(78)**	(159)
Loss on disposal of subsidiary		**–**	(328)
Loss before income tax expense		**(6,132)**	(9,356)
Income tax expense	*8*	**(172)**	(679)
Loss for the year		**(6,304)**	(10,035)
Attributable to:			
Equity holders of the Company	*9*	**(6,440)**	(10,225)
Minority interests		**136**	190
Loss for the year		**(6,304)**	(10,035)
Dividends	*10*	**–**	–
Loss per share attributable to equity holders of the Company during the year	*11*		
Basic		**HK(0.77) cents**	HK(1.40) cents
Diluted		**N/A**	N/A

CONSOLIDATED BALANCE SHEET

	Notes	**2009** **HK$'000**	2008 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**4,939**	6,568
Intangible assets		**932**	2,397
Financial assets designated at fair value through profit or loss		**591**	2,162
Available-for-sale investments		**21,700**	21,700
Pledged bank deposit		**20**	20
		28,182	32,847
Current assets			
Inventories		**14,950**	16,398
Trade receivables	*12*	**1,593**	4,342
Deposits, prepayments and other receivables		**24,818**	20,319
Cash and bank balances		**23,291**	10,196
		64,652	51,255
Current liabilities			
Trade payables	*13*	**3,662**	5,550
Accrued liabilities and other payables		**9,439**	8,436
Deposits received		**8,926**	8,975
Obligation under finance lease – current portion		**79**	–
Interest-bearing bank loans		**2,500**	3,265
Provision for income tax		**870**	66
		25,476	26,292
Net current assets		**39,176**	24,963
Total assets less current liabilities		**67,358**	57,810
Non-current liability			
Obligation under finance lease – non-current portion		**147**	–
Net assets		**67,211**	57,810
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**22,070**	18,392
Reserves		**42,906**	37,319
		64,976	55,711
Minority interests		**2,235**	2,099
Total equity		**67,211**	57,810

NOTES:

1. BASIS OF PREPARATION

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants. The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"). The measurement base adopted is the historical cost convention except for the revaluation of certain assets and liabilities.

2. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The following amendments and interpretations to existing standards are mandatory for the financial year ended 30 June 2009:

Hong Kong Accounting Standard ("HKAS") 39 and HKFRS 7 (Amendments)	Reclassification of Financial Assets
Hong Kong International Financial Reporting Interpretations Committee ("HK(IFRIC)")-Int 9 and HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these amendments and interpretations to existing standards did not have a significant financial impact on the results and financial position of the Group.

The following new standards, amendments to standards and interpretations have been issued but are not effective and have not been early adopted.

HKFRSs (Amendment)	Improvements to HKFRS 2008[#]
HKFRSs (Amendment)	Improvements to HKFRS 2009[3]
HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Revised)	First-time Adoption of HKFRS[1]
HKFRS 1 and HKAS 27 (Amendments)	Cost of Investments in a Subsidiary, Jointly Controlled Entities or Associates[1]
HKFRS 2 (Amendment)	Share-based Payment Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments[1]
HKFRS 8	Operating Segments[1]
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate[1]
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation[1]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC)-Int 18	Transfers of Assets from Customers[2]

[#] Effective for the Group for annual period beginning on 1 July 2009 except for the amendment to HKFRS 5, "Non-current assets held for sale and discontinued operations" which is effective for the Group for annual period beginning on 1 July 2010

[1] Effective for the Group for annual period beginning on 1 July 2009

[2] Effective for transfer of assets from customers received on or after 1 July 2009

[3] Effective for the Group for annual period beginning on 1 July 2010 except for the amendments to HKFRS 2, HKAS 38 , HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16 which are effective for the Group for annual period beginning on 1 July 2009

The effect that the adoption of HKFRS 3 (Revised), HKAS 27 (Revised) and HK(IFRIC)-Int 17 will have on the results and financial position of the Group will depend on the incidence and timing of business combinations occurring on or after 1 July 2009. The Directors anticipate that the adoption of other new standards, amendments to standards and interpretations will not result in a significant impact on the results and financial position of the Group.

3. SEGMENT INFORMATION

(a) 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		Others		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:										
Sales to external customers	**9,249**	21,389	**22,490**	27,952	**55,178**	60,843	**1,145**	953	**88,062**	111,137
Segment results	**1,494**	2,805	**3,512**	3,666	**7,409**	7,979	**245**	125	**12,660**	14,575
Unallocated other income									**9,182**	3,379
Unallocated expenses									**(27,896)**	(26,823)
Loss from operating activities									**(6,054)**	(8,869)
Finance cost									**(78)**	(159)
Loss on disposal of subsidiary									**–**	(328)
Loss before income tax expenses									**(6,132)**	(9,356)
Income tax expense									**(172)**	(679)
Loss for the year									**(6,304)**	(10,035)

	BIOenergy products		Healthcare food products		Multi-functional water generators		Others		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**12,861**	8,132	**1,212**	1,868	**5,123**	5,662	**745**	1,193	**19,941**	16,855
Unallocated assets									**72,893**	67,247
Total assets									**92,834**	84,102
Segment liabilities										
Unallocated liabilities									**25,623**	26,292
Total liabilities									**25,623**	26,292
Other segment information:										
Depreciation	**–**	–	**–**	–	**101**	117	**–**	–	**101**	117
Unallocated amount of depreciation									**3,172**	3,717
									3,273	3,834
Amortisation of intangible assets	**2**	2	**1,463**	1,512	**–**	–	**–**	–	**1,465**	1,514
Capital expenditure	**–**	–	**–**	–	**–**	66	**–**	–	**–**	66
Unallocated amounts of capital expenditure									**1,802**	22,881
									1,802	22,947

(b) Geographical segments

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

4. REVENUE

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts where applicable. All significant intra-group transactions have been eliminated on consolidation.

Turnover made in the PRC is subject to value added tax ("VAT") at a rate of 17% ("output VAT"). Such output VAT is payable after offsetting VAT paid by the Company on purchases ("input VAT").

5. OTHER INCOME

	Group	
	2009	2008
	HK$'000	*HK$'000*
Interest income	**234**	1,348
Reversal of impairment loss on trade receivables in previous year	**–**	660
Reversal of impairment loss on inventories	**3,533**	–
Gain on disposal of property, plant and equipment	**75**	–
Dividend income from available-for-sale investments	**900**	–
Others	**4,440**	1,371
	9,182	3,379

6. LOSS FROM OPERATING ACTIVITIES

Loss from operating activities is arrived at after charging/(crediting):

	Group	
	2009	2008
	HK$'000	*HK$'000*
Auditors' remuneration	**500**	470
Cost of inventories sold	**52,243**	61,962
Staff costs		
Directors' remuneration	**1,092**	7,039
Wages and salaries	**18,057**	22,813
Share option benefit	**–**	5,279
Pension scheme contributions	**1,674**	1,347
	20,823	36,478
Depreciation	**3,273**	3,834
Amortisation of intangible assets	**1,465**	1,514
Exchange gain, net	**–**	(6)
Operating lease charges in respect of land and buildings	**3,557**	3,933
Impairment loss on trade receivables	**–**	567
Provision for obsolete and slow-moving inventories	**17**	311
Loss on disposal of property, plant and equipment	**–**	407
Fair value loss on financial assets designated at fair value through profit or loss	**1,571**	194

7. FINANCE COSTS

	Group	
	2009	2008
	HK$'000	*HK$'000*
Interest on bank loans wholly repayable within five years	**78**	159

8. INCOME TAX EXPENSE

Hong Kong Profits Tax has not been provided as the Group had no assessable profits arising in Hong Kong during the year (2008: 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.

	Group	
	2009	2008
	HK$'000	*HK$'000*
Current – PRC		
Charge for the year	**172**	679

9. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Of the consolidated loss attributable to equity holder of the Company of approximately HK$6,440,000 (2008: loss of HK$10,225,000), a loss of approximately HK$3,364,000 (2008: loss of HK$7,464,000) has been dealt with in the financial statements of the Company.

10. DIVIDENDS

No dividend has been paid or declared by the Company during the years presented in these financial statements.

11. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of basic loss per share is based on loss attributable to equity holders for the year ended 30 June 2009 of approximately HK$6,440,000 (2008: loss of HK$10,225,000) and the weighted average of 831,603,221 (2008: the weighted average of 732,022,566) ordinary shares in issue during the year.

The diluted loss per share for the years ended 30 June 2009 and 30 June 2008 has not been disclosed as the potential shares arising from the exercise of the Company's share options would decrease the loss per share of the Group for the years and is regarded as anti-dilutive.

12. TRADE RECEIVABLES

	2009	2008
	HK$'000	*HK$'000*
Trade receivables	**9,467**	12,216
Less: Provision for impairment	**(7,874)**	(7,874)
	1,593	4,342

Before accepting any new customers, the Group will assess the potential customer's credit quality. 51% (2008: 66%) of the trade receivables that are neither past due nor impaired have the best credit quality.

The credit terms that the Group offers to customers are generally not more than 90 days.

An aged analysis of trade receivables is as follows:

	2009	2008
	HK$'000	*HK$'000*
0 – 30 days	**662**	2,221
31 – 60 days	**143**	663
61 – 180 days	**344**	1,458
Over 180 days	**444**	–
	1,593	4,342

Included in the balances are trade receivables with an aggregate carrying amount of HK$788,000 (2008: HK$1,458,000) which are past due at the reporting date for which the Group has not provided impairment loss as there has been 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:

	2009	2008
	HK$'000	*HK$'000*
61 – 180 days	**344**	1,458
Over 180 days	**444**	–
	788	1,458

13. 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 balance sheet date is as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Outstanding balances with ages:		
Within 30 days	**3,457**	2,862
Between 31 to 60 days	**80**	456
Between 61 to 180 days	**64**	945
Over 180 days	**61**	1,287
	3,662	5,550

MANAGEMENT DISCUSSION & ANALYSIS

OPERATION REVIEW

The Group endeavoured to pursue business optimization and development during the year under review. With the backdrop of the global economic crisis, persistent gloom of China's healthcare industry and keener competition from the rivals as well as facing with our ageing products and unfashionable marketing mode, we identified it "a year of optimization, innovation and development". Innovation was sought through optimization of business and so was a sustained development through innovation in return. During the year, we properly adjusted the composition of our senior management and their duties and functions and streamlined those operations which were recently not profitable accordingly. Our innovation was promoted in two directions. Firstly, the innovation from the meeting marketing of bio-business which was supported by: (i) strengthening and expediting the R&D and launching the "household water electronic" products to market with enhanced product competitiveness, and (ii) strengthening the R&D of new Bioenergy products and launching the innovative marketing programs, resulting in catalytic revival of the Bioenergy operation. Secondly, we made best efforts to boost the new network marketing campaigns such as direct marketing. Under such circumstances, the Group recorded a revenue of approximately HK$88.06 million, representing a decrease of approximately 20.77% as compared with the previous year, and its losses decreased approximately by HK$3.73 million or approximately 37.18% over last year, mainly resulting from the stringent control on costs and expenses, particularly the reduction in unnecessary expenditure. The Group's gross profit margin for the year was approximately 40.67%, representing a drop from last year. The gross profit margin from multi-functional water generators accounting for approximately 62.66% of the total sales was further declined to 38.0%, and that healthcare food products also fell by 0.85%, compared with 45.03% of last year. The decline in gross profit margin was mainly due to the launching of a series of premium sales and promotion activities by the Company in response to the market penetration by the competitors and in view of arousing the consumption needs of customers.

FINANCIAL REVIEW

For the year ended 30 June 2009, the Group's revenue amounted to approximately HK$88.06 million, representing a decrease of 20.77% as compared to approximately HK$111.14 million for the year ended 30 June 2008.

The gross profit margin for the year ended 30 June 2009 was 40.67% as compared to 44.25% for last year as a result of rising raw material costs.

Net loss attributable to shareholders was approximately HK$6.44 million for the year compared with a net loss attributable to shareholders of approximately HK$10.23 million for last year. The decrease of net loss attributable to shareholders of HK$3.79 million is mainly resulting from the stringent control on costs and expenses particularly the reduction in unnecessary expenses.

PLEDGE OF ASSETS AND INVESTMENTS

As at 30 June 2009, the Group's gearing ratio, measured on the basis of total borrowings as a percentage of total equity attributable to the shareholders of the Company, was approximately 3.85% (2008: approximately 5.86%), of which the bank loans of HK$2.50 million (2008: approximately HK$3.27 million) were secured by a pledge of our financial assets designated at fair value through profit or loss of HK$0.59 million and pledged bank deposit of HK$20,000 (2008: financial assets designated at fair value through profit or loss of HK$2.16 million and pledged bank deposit of HK$20,000) and supported by a corporate guarantee executed by the Company.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2009, the Group employed a total of 187 (2008: 239) employees, of which 180 were deployed in the PRC (2008: 233) and 7 (2008: 6) were deployed in Hong Kong. The total salaries (excluding directors' emoluments) for the year were approximately HK$19.73 million (2008: approximately HK$29.44 million). Remuneration packages comprised salary, mandatory provident fund, bonus, medical allowance and share options.

FOREIGN EXCHANGE RISK AND MANAGEMENT

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

LIQUIDITY AND FINANCIAL RESOURCE

The Group finances its operations with internally generated cash flows, banking facilities, and proceeds from the new share placements.

As at 30 June 2009, the Group had aggregate available banking facilities of HK$5.00 million (2008: HK$5.00 million), of which approximately HK$2.50 million (2008: approximately HK$3.27 million) was utilized and subject to floating market rates. The Group's cash and bank balance at that date amounted to approximately HK$23.29 million (2008: approximately HK$10.20 million), which was denominated in mainly Hong Kong dollars, and Renminbi. This together with unutilized banking facilities will enable the Group to finance its operational needs.

As at 30 June 2009, the Group's current ratio and quick ratio were approximately 2.54 (2008: approximately 1.95) and approximately 1.94 (2008: approximately 1.33) respectively.

As at 30 June 2009, the Group had total bank borrowing of HK$2.50 million (2008: approximately HK$3.27 million).

CONTINGENT LIABILITIES

The Group's bank loan facility amounting to HK$5.0 million (2008: HK$5.0 million) is supported by a corporate guarantee executed by the Company.

Save as disclosed above, neither the Group nor the Company had any significant contingent liabilities at the balance sheet date.

OUTLOOK AND PROSPECT

Given the unsatisfactory result in our remedial measures taken in the prior year, the Group will continue its efforts in strengthening its management capability by providing intensive training, focusing, in particular, on nurturing an efficient management team for further development. The deteriorating economy becomes the motivation of the management of the Group who will, at their best effort, maintain a small but encourage growth for the coming year. High quality products with reasonable price and after sale service are what our customers are looking for at this time. Our Group has, at all time, possessed the above technique and attitude, which help us to overcome the challenge in the coming year.

FINAL DIVIDEND

The directors do not recommend the payment of a final dividend to shareholders of the Company for the years ended 30 June 2009 and 2008 respectively.

PURCHASE, SALE OR REDEMPTION OF LIST SECURITIES OF THE COMPANY

During the year, there were no purchases, sales or redemptions by the Company, or any of its subsidiaries, of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to establishing and maintaining 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.1.1, A.4.1 and E.1.2 as stated and explained below.

Under code provision A.1.1 of the Code, at least four regular board meetings should be held a year at approximately quarterly intervals with active participation of a majority of directors of the Company, either in person or through other electronic means of communication. As the Company did not announce its quarterly results, two regular board meetings were held during the year for reviewing and approving the interim and annual financial performance of the Group. Board meetings will be held on other occasions when board decisions are required.

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 three independent non-executive directors of the Company were 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.

Under code provision E.1.2 of the Code, the Chairman of the Board should attend, and the chairmen of the audit and remuneration committees should be available to answer questions at, the annual general meeting of the Company.

The Chairman of the Board and the chairman of the audit committee and remuneration committee were unable to attend the annual general meeting of the Company held on 3 December 2008 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 and on behalf of the chairman of the audit committee and the remuneration committee.

Details of the Company's corporate governance practices are set out in the Corporate Governance Report, contained in the 2009 annual report.

REVIEW OF ACCOUNTS

The audit committee has reviewed the audited annual results of the Group for the year ended 30 June 2009.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on 17 December 2009 at 10:30 a.m.. The notice of the annual general meeting will be published and dispatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

APPRECIATION

As the chairman of the board of directors, I would like to express my sincere gratitude to our shareholders, customers, suppliers and business partners for their full understanding and support during the hard-time. The Group's steady growth in the healthcare industry of the PRC over the past 17 years has relied on the efforts and contributions of all our staff and partners. I believe, with these supports, know-how and experience built up over these 17 years, brand advantages and the dedication of all our shareholders and staff, the Group will keep abreast with the time and enjoy the next breakthrough and success.

MEMBERS OF THE BOARD

As at the date of this announcement, the board of directors of the Company comprises Mr. Han Qingyun as chairman; Dr. Han Xiaoyue as joint chairman; Dr. Chen Henglong, Ms. Guo Yanni, Mr. Long Mingfei, Mr. Xu Nianchun and Mr. Zhang He as executive directors; Mr. Chan Yuk Tong as non-executive director; and Mr. Li Xinzhong, Mr. Zhang Wen and Ms. Zhu Jinghua as independent non-executive directors.

By order of the Board of
VITOP BIOENERGY HOLDINGS LIMITED
Han Qingyun
Chairman

Hong Kong, 30 October 2009

* *For identification purpose only*