

Listed Company Information

VITOP BIOENERGY<01178> - Results Announcement

Vitop Bioenergy Holdings Limited announced on 24/03/2006:
 (stock code: 01178)
 Year end date: 30/06/2006
 Currency: HKD
 Auditors' Report: N/A
 Interim report reviewed by: Audit Committee

	(Unaudited) Current Period from 01/07/2005 to 31/12/2005	(Unaudited) Last Corresponding Period from 01/07/2004 to 31/12/2004
Turnover	Note ('000) : 53,715	('000) : 81,371
Profit/(Loss) from Operations	: (14,857)	8,700
Finance cost	: (31)	N/A
Share of Profit/(Loss) of Associates	: N/A	N/A
Share of Profit/(Loss) of Jointly Controlled Entities	: (152)	(266)
Profit/(Loss) after Tax & MI	: (15,621)	6,912
% Change over Last Period	: N/A	%
EPS/(LPS)-Basic (in dollars)	: (0.0228)	0.0102
-Diluted (in dollars)	: N/A	0.01
Extraordinary (ETD) Gain/(Loss)	: N/A	N/A
Profit/(Loss) after ETD Items	: (15,621)	6,912
Interim Dividend per Share	: NIL	NIL
(Specify if with other options)	: N/A	N/A
B/C Dates for Interim Dividend	: N/A	
Payable Date	: N/A	
B/C Dates for (-) General Meeting	: N/A	
Other Distribution for Current Period	: N/A	
B/C Dates for Other Distribution	: N/A	

Remarks:

Background of the Company

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

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

Basis of preparation and principal accounting policies

The unaudited condensed financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The unaudited condensed financial statements have been prepared under the historical cost convention, except for the short term investments in equity securities which are stated at fair value on the basis of their quoted market price at the end of the Period.

The accounting policies adopted are consistent with those followed in the Group's annual financial statements for the year ended 30 June 2005, except that the Group has changed its accounting policy following the adoption of the new Hong Kong Financial Reporting Standards ("HKFRS") and HKASs (collectively, the "New HKFRSs") issued by the HKICPA, which are effective for accounting periods beginning on or after 1 January 2005. Apart from certain presentational changes by the adoption of applicable New HKFRSs as set out below, the other New HKFRSs have no material effect on how the results for the current or prior accounting periods are prepared and presented.

Share-based payment

In the current period, the Group has applied HKFRS 2 "Share-based Payments" which requires an expense to be recognized where the Group buys goods or obtains services in exchange for shares or right over shares, or in exchange for other assets equivalent in value to a given number of shares or rights over shares. The principal impact of HKFRS 2 on the Group is in relation to the expensing of the fair value of share options of the Company determined at the date of grant of the share options over the vesting period. Prior to the application of HKFRS 2, the Group did not recognize the financial effect of these share options until they were exercised.

Following the adoption of HKFRS 2, the fair value of share options at grant date is charged to the consolidated income statements of relevant accounting periods. As a transitional provision, HKFRS 2 has been applied

retrospectively for all share options granted after 7 November 2002 and had not yet vested upon 1 January 2005. The adoption of HKFRS 2 resulted in a decrease in the opening balance of the retained profits as at 1 July 2005 by approximately HK\$1.26 million since the grant of the share option in April 2003.

The effect of changes in the above accounting policy on the consolidated balance sheet is as follows:

	HKFRS 2 HK\$'000	Total HK\$'000
At 1 July 2005 (audited and restated)		
Increase in employee share-based compensation reserve	(1,255)	(1,255)
Retained profits / accumulated losses	(1,255)	(1,255)
At 31 December 2005 (unaudited)		
Increase in employee share-based compensation reserve	(1,255)	(1,255)
Retained profits / accumulated losses	(1,255)	(1,255)

Segment information

The Group's unaudited turnover and (loss)/profit before tax analyzed by business segment are as follows:

	BIOenergyR products		Healthcare food products		Multi-functional water generators		Others	
	2005	2004	2005	2004	2005	2004	2005	2004
	HK\$000	HK\$000	HK\$000	HK\$000	HK\$000	HK\$000	HK\$000	HK\$000
Segment revenue :								
Sales to external customers	17,549	30,633	8,084	1,644	27,162	49,094	920	-
Segment results	3,599	11,147	1,305	510	(1,007)	11,258	110	-

	Consolidated	
	2005 HK\$000	2004 HK\$000
Segment revenue :		
Sales to external customers	53,715	81,371
Segment results	4,007	22,915
Unallocated other revenue and gains	4,051	1,055
Unallocated expenses	(22,915)	(15,270)
(Loss)/Profit from operating activities	(14,857)	8,700
Share of loss of a jointly controlled entity	(152)	(266)
(Loss)/Profit before taxation	(15,009)	8,434
Taxation	(508)	(800)
(Loss)/Profit for the period	(15,517)	7,634
Minority interests	(104)	(722)
(Loss)/Profit attributable to shareholders	(15,621)	6,912

No geographical analysis is presented as all of the Group's turnover and contribution to (loss) / profit before tax is attributable to markets in the PRC.

TURNOVER

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.

LOSS FROM OPERATING ACTIVITIES

The Group's unaudited loss from operating activities is arrived at after charging:

	Six months ended 31 December	
	2005 (Unaudited) HK\$'000	2004 (Unaudited) HK\$'000
Cost of inventories sold and services provided	33,226	39,975
Amortisation of intangible assets	925	780
Depreciation of fixed assets	2,191	2,370
Provision for doubtful debts and bad debts written off	7,410	163
Provision for impairment in cost of fixed assets	1,323	-
Loss on disposal of fixed assets	41	11

TAXATION

PRC	Six months ended 31 December	
	2005 (Unaudited) HK\$'000	2004 (Unaudited) HK\$'000
	508	800

508 800

Hong Kong profits tax has not been provided as the Group had no assessable profits arising in Hong Kong during the Period (2004: 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 Period.

In accordance with the applicable corporate income tax law of the PRC, Vitop Bioenergy (China) Ltd. ("Vitop China"), wholly-owned Subsidiary of the Company operating in the PRC, is exempt from corporate income tax for the first two profitable calendar years of operations and is entitled to a 50% relief on corporate income tax for the following three years. The two years' tax exemption period for Vitop China commenced in the tax year ended 31 December 2001 and expired as at 31 December 2002 under the local jurisdiction. With effect from 1 January 2003, Vitop China is subject to a 50% relief on the corporate income tax rate of 15% of its assessable profit for each of the years ending 31 December 2003, 2004 and 2005.

As at 31 December 2005, the Group did not have any significant unprovided deferred tax liabilities (30 June 2005: Nil).

DIVIDENDS

The Board has resolved not to pay any interim dividend for the Period (2004: Nil).

LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to shareholders for the Period of approximately HK\$15,621,000 (2004: profit of HK\$6,912,000) and the weighted average number of 683,278,587 (2004: 680,009,585) ordinary shares in issue during the Period.

Diluted loss per share for the six months ended 31 December 2005 was not presented because the impact of the exercise of the share options was anti-dilutive.

For the period ended 31 December 2004, the calculation of diluted earnings per share is based on the profit attributable to shareholders for the Period of approximately HK\$6,912,000 and the weighted average number of 688,004,397 ordinary shares outstanding during the Period, adjusted for the effects of all dilutive potential shares. The weighted average number of ordinary shares used in the calculation of diluted earnings per share is calculated based on the weighted average number of 680,009,585 ordinary shares in issue during that period plus the weighted average number of 7,994,812 ordinary shares deemed to be issued at no consideration as if all the Company's share options had been exercised.