Longlife Group Holdings Limited

朗力福集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8037

Third Quarterly Report 2008

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

This report for which the directors (the "Directors") of Longlife Group Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquires, confirm that, to the best of their knowledge and belief: (i) the information contained in this report is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this report misleading; and (iii) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

UNAUDITED NINE-MONTH RESULTS

The board (the "Board") of directors (the "Directors") of Longlife Group Holdings Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the three months and nine months ended 30 June 2008 together with the comparative unaudited figures for the corresponding periods in 2007, prepared in accordance with generally accepted accounting principles in Hong Kong, as follows. The unaudited consolidated results have not been audited by the Company's auditors but have been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the three months and nine months ended 30 June 2008

	Notes	Three months ended 30 June 2008 (Unaudited) *HK$'000*	Three months ended 30 June 2007 (Unaudited) *HK$'000*	Nine months ended 30 June 2008 (Unaudited) *HK$'000*	Nine months ended 30 June 2007 (Unaudited) *HK$'000*
Revenue	2	57,178	69,795	213,205	212,534
Cost of sales		(21,144)	(23,978)	(72,496)	(74,360)
Gross profit		36,034	45,817	140,709	138,174
Other operating income		515	149	729	501
General and administrative expenses		(6,061)	(6,188)	(19,303)	(25,159)
Selling expenses		(36,967)	(55,461)	(127,267)	(121,769)
Other operating expenses		(163)	(364)	(549)	(485)
Loss from operations		(6,642)	(16,047)	(5,681)	(8,738)
Finance costs		(1,085)	(525)	(2,539)	(1,537)
Loss before tax		(7,727)	(16,572)	(8,220)	(10,275)
Income tax expenses	3	(895)	(384)	(2,924)	(3,141)
Loss for the period		(8,622)	(16,956)	(11,144)	(13,416)
Attributable to:					
Equity holders of the Company		(9,093)	(16,950)	(12,113)	(12,698)
Minority interests		471	(6)	969	(718)
		(8,622)	(16,956)	(11,144)	(13,416)
Loss per share	4				
– Basic		(1.7) cents	(3.4) cents	(2.29) cents	(2.5) cents
– Diluted		N/A	N/A	N/A	N/A

Notes:

1. Group Reorganisation and Basis of Preparation

The Company was incorporated and registered as an exempted company in the Cayman Islands under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 5 June 2003.

The shares of the Company were successfully listed on the GEM of the Exchange on 17 June 2004. The unaudited condensed consolidated financial statements are prepared in Hong Kong dollars because it is considered to provide more useful information to the equity holders of the Company. The functional currency of the major subsidiaries of the Group is Renminbi.

The unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards ("HKFRS"), which is a collective term of Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations ("Int") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The accounting policies and methods of computation adopted are consistent with those followed in the preparation of the Group's audited financial statements set out in the annual report for the year ended 30 September 2007 except as follows. The unaudited condensed financial statements have been prepared under the historical cost basis, as explained in the accounting policies set out in the annual report for the year ended 30 September 2007.

In the current period, the Group has applied, a number of new standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA that are effective for accounting periods beginning on or after 1 October 2007. The adoption of these new HKFRSs has no material effect on how the results for the current or prior accounting year have been prepared and presented. Accordingly, no prior year adjustment has been required.

The Group has not early adopted the following new standards, amendments or interpretations that have been issued but are not yet effective. The Group has commenced considering the potential impact of these new or revised HKFRSs but is not yet in a position to determine whether these new HKFRSs would have a significant impact on how its results of operations and financial position are prepared and presented.

HKAS 1 (Revised)	Revised Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKFRS 8	Operating Segments[1]
HK(IFRIC)-Int 12	Service Concession Arrangements[2]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[3]
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[2]

[1] Effective for annual periods beginning on or after 1 January 2009.
[2] Effective for annual periods beginning on or after 1 January 2008.
[3] Effective for annual periods beginning on or after 1 July 2008.

2. Revenue

Revenue, which is also the Group's turnover, represents the net amounts received and receivable from sales of consumer cosmetic, health related products, capsules products and health supplement wine less sales tax and discounts, if any, during the periods.

	Three months ended 30 June 2008 (Unaudited) *HK$'000*	Three months ended 30 June 2007 (Unaudited) *HK$'000*	Nine months ended 30 June 2008 (Unaudited) *HK$'000*	Nine months ended 30 June 2007 (Unaudited) *HK$'000*
Manufacturing and sales of consumer cosmetics	35,756	46,997	124,832	136,084
Manufacturing and sales of health related products and health supplement wine	13,431	18,619	68,066	69,492
Manufacturing and sales of capsules products	7,991	4,179	20,307	6,958
	57,178	69,795	213,205	212,534

3. Income Tax Expenses

	Three months ended 30 June 2008 (Unaudited) *HK$'000*	Three months ended 30 June 2007 (Unaudited) *HK$'000*	Nine months ended 30 June 2008 (Unaudited) *HK$'000*	Nine months ended 30 June 2007 (Unaudited) *HK$'000*
Tax charge comprises:				
Hong Kong Profits Tax	–	–	–	–
Tax in other regions of the People's Republic of China (the "PRC") (Outside Hong Kong)	895	384	2,924	3,141

No provision for Hong Kong profits tax has been made during the period as the Group's income neither arises in, nor derived from Hong Kong.

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

On 16 March 2007, the National People's Congress approved the PRC Corporate Income Tax Law (the "New CIT Law"), which became effective from 1 January 2008. The New CIT Law introduces a wide range of changes which include, but are not limited to, the unification of the income tax rate for domestic-invested and foreign-invested enterprises at 25%. The tax rate of the Group changed from 24% to 25%.

Pursuant to the relevant law and regulations in the PRC, certain subsidiaries of the Company in the PRC are exempted from PRC Enterprise Income Tax for two years starting from the first profit making year in which profits exceed any carried forward tax losses followed by a 50% tax relief for PRC Enterprise Income Tax for the following three years.

The charge for the periods can be reconciled to the loss before tax per the income statement as follows:

	Three months ended 30 June 2008 (Unaudited) *HK$'000*	Three months ended 30 June 2007 (Unaudited) *HK$'000*	Nine months ended 30 June 2008 (Unaudited) *HK$'000*	Nine months ended 30 June 2007 (Unaudited) *HK$'000*
Loss before tax	(7,727)	(16,572)	(8,220)	(10,275)
Tax at domestic statutory tax rate of 25% (2007: 24%)	(1,932)	(3,977)	(2,055)	(2,466)
Tax effect of expenses not deducible for tax purpose	3,222	4,745	5,747	3,868
Income tax on concessionary rate	(395)	(384)	(768)	1,739
Income tax expenses for the period	895	384	2,924	3,141

No provision for deferred taxation has been recognised in the financial statements as the amount involved is insignificant.

The income tax charge for the period is arised from profit recorded by the Group's subsidiaries.

4. Loss Per Share

Basic loss per share

The calculations of basic loss per share for the three months and nine months ended 30 June 2008 are based on the unaudited consolidated loss respectively, attributable to equity holders of the Company for the periods of approximately HK$9,093,000 and HK$12,113,000 respectively, and on 533,400,000 and 529,852,000 ordinary shares, being the weighted average number of shares in issue during the period.

The calculations of basic loss per share for the three months and nine months ended 30 June 2007 are based on the unaudited consolidated loss from ordinary activities attributable to equity holders for the periods of approximately HK$16,950,000 and HK$12,698,000, respectively and on 500,000,000 ordinary shares that have been in issue throughout the periods.

Diluted loss per share

No diluted loss per share has been presented for the three months and nine months ended 30 June 2008 and 2007 as there was no dilutive potential ordinary share for the periods.

5. Share Capital and Reserves

	Number of shares	Par value per share	Amount *HK$'000*
A. Movement of authorised share capital			
At 30 June 2007 and 30 June 2008	2,000,000,000	HK$0.10	200,000
B. Movement of issued share capital			
At 1 October 2007	500,000,000	HK$0.10	50,000
Issue of new shares during the period (unaudited)	33,400,000	HK$0.10	3,340
At 30 June 2008 (unaudited)	533,400,000		53,340

C. Movements of reserves are as follows:

	Attributable to equity holders of the Company									
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Special reserve** *HK$'000* *(Note 1)*	**Statutory surplus reserve fund** *HK$'000* *(Note 2)*	**Statutory enterprise expansion fund** *HK$'000* *(Note 3)*	**Exchange reserve** *HK$'000*	**Accumulated profits** *HK$'000*	**Total** *HK$'000*	**Minority interests** *HK$'000*	**Total equity** *HK$'000*
At 1 October 2006 (Audited)	50,000	8,145	22,443	3,098	3,098	6,968	77,816	171,568	5,406	176,974
Exchange differences arising on translation of foreign operations (Unaudited)	–	–	–	–	–	2,960	–	2,960	140	3,100
Minority interests on consolidation (Unaudited)	–	–	–	–	–	–	–	–	(718)	(718)
Loss for the period (Unaudited)	–	–	–	–	–	–	(12,698)	(12,698)	–	(12,698)
At 30 June 2007 (Unaudited)	50,000	8,145	22,443	3,098	3,098	9,928	65,118	161,830	4,828	166,658
At 1 October 2007 (Audited)	50,000	8,145	22,443	15,479	3,098	14,748	27,060	140,973	5,712	146,685
Exchange differences arising on translation of foreign operations (Unaudited)	–	–	–	–	–	15,201	–	15,201	108	15,309
Minority interests on consolidation (Unaudited)	–	–	–	–	–	–	–	–	969	969
Issue of ordinary shares (Unaudited)	3,340	7,682	–	–	–	–	–	11,022	–	11,022
Share issue expenses (Unaudited)	–	(345)	–	–	–	–	–	(345)	–	(345)
Loss for the period (Unaudited)	–	–	–	–	–	–	(12,113)	(12,113)	–	(12,113)
At 30 June 2008 (Unaudited)	53,340	15,482	22,443	15,479	3,098	29,949	14,947	154,738	6,789	161,527

Notes:

1. Special reserve 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.

2. Pursuant to the Articles of Association of certain of the Company's subsidiaries in PRC, those subsidiaries should transfer not less than 10% of net profit to the statutory surplus reserve fund, while the rest of the Company's PRC subsidiaries 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 make up for previous year's losses, expand the existing operations or convert into additional capital of those PRC subsidiaries.

3. Pursuant to the Articles of Association of certain subsidiaries of the Company in 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.

DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 June 2008 (2007: nil).

SHARE OPTION

During the period ended 30 June 2008, no share option was granted, exercised or lapsed under the share option scheme approved on 26 May 2004.

BUSINESS REVIEW AND OUTLOOK

FINANCIAL REVIEW

Revenue

For the nine months and three months ended 30 June 2008, the Group recorded a sales of approximately HK$213,205,000 and HK$57,178,000 respectively, while that for the corresponding periods ended 30 June 2007 were approximately HK$212,534,000 and HK$69,795,000 respectively. This represents an increase of approximately HK$671,000 or approximately 0.3% and a decrease of approximately HK$12,617,000 or approximately 18% respectively. The significant decrease in sales for the third quarter was attributable to the implementation of the market reorganisation strategies by the Group towards the end of 2007, whereby the Group optimized the sales channels and closed several inefficient sales networks, resulting in a decrease in sales income of the Group. This was in line with the Group's expectation for actively rationalising the market.

Gross Profit

For the nine months and three months ended 30 June 2008, the Group recorded a gross profit of approximately HK$140,709,000 and HK$36,034,000 respectively, while that for the corresponding periods ended 30 June 2007 were approximately HK$138,174,000 and HK$45,817,000 respectively. This represents an increase of approximately HK$2,535,000 or approximately 2% and a decrease of approximately HK$9,783,000 or approximately 21% respectively. Gross margin for the nine months ended 30 June 2008 was approximately 66%, a slightly increase of approximately 1% compared with the gross margin for the nine months ended 30 June 2007 of approximately 65%. Gross margin for the three months ended 30 June 2008 was approximately 63%, representing a decrease of approximately 3% compared with the gross margin for the three months ended 30 June 2007 of approximately 66%. The decrease in gross margin for the third quarter was a result of the rapid increases in the price of raw materials.

Administrative Expenses

For the nine months and three months ended 30 June 2008, the Group recorded an administrative expenses of approximately HK$19,303,000 and HK$6,061,000 respectively, while that for the corresponding periods ended 30 June 2007 were approximately HK$25,159,000 and HK$6,188,000 respectively. This represents a decrease of approximately HK$5,856,000 and HK$127,000 or approximately 23% and 2% respectively. The headcount and cost cutting strategies adopted by the Group have reduced its expenses. The number of staff at the headquarter was reduced by about 10%, and the Group is still exercising stringent cost control measures, but the room for further control will gradually become smaller.

Selling and Distribution Expenses

For the nine months and three months ended 30 June 2008, the Group recorded a selling and distribution expenses of approximately HK$127,267,000 and HK$36,967,000 respectively, while that for the corresponding periods ended 30 June 2007 were approximately HK$121,769,000 and HK$55,461,000 respectively. This represents an increase of approximately HK$5,498,000 or approximately 5% and a decrease of approximately HK$18,494,000 or approximately 33% respectively. The Group significantly reduced inefficient sales networks and sales personnel during the third quarter. The number of staff was reduced by about 15% and sales expenses were controlled, thus decreased overall expenses significantly.

Net Loss

During the nine months and three months ended 30 June 2008, the Group recorded a loss of approximately HK$11,144,000 and HK$8,622,000 respectively, while that for the corresponding periods ended 30 June 2007 were approximately HK$13,416,000 and HK$16,956,000 respectively, representing a decrease in loss of approximately HK$2,272,000 and HK$8,334,000 respectively. The reason for the Group still recording loss in the third quarter was that the existing business was still undergoing reorganisation and rationalisation and the Group's dental business was still at its investment stage, and hasn't yet to generate results and contribution.

BUSINESS REVIEW

The year 2008 was a difficult year for the PRC and the whole world. The management is glad that strategic fine tune had been implemented by the Group in October 2007, and progress to date is basically in line with the management's expectation. The initial strategies of the Group of "streamlining and strengthening the consumer business, entering the fast growing medical industry and improving management capability through hiring high quality staff" have been principle in place, and outstanding results had been achieved in the third quarter. The management is satisfactory with the results.

In light of the gradual implementation of the new labor law in the PRC and the macro-economy being highlighted by the hike in oil price, the Group on timely basis adjusted the strategies of market expansion countrywide and employing a large number of staff to conduct direct sales. In the third quarter, the Group closed down approximately 1,000 poor performing point of sales and cut down the number of marketing staff to 6,089 with 1,075 staff less. At the same time, the Group assigned outstanding performing managers and operating resources to better performing regions with the aim to strengthen its competitiveness in the region.

In the third quarter, the Group has preliminarily completed the research and development of orthodontic technology product and the acquisition of equipments. In addition, the Group is currently making application for registration and production permits from the relevant authorities under the name of Suzhou Longlife Medical Devices Co., Ltd.. At the same time, the project of setup of other dental equipments at the Group's headquarter is in progress as scheduled and the application for registration from the relevant authority is currently under process.

During the period ended 30 June 2008, the Group concludes several dealerships for dental products and completed acquisition of controlling interests of the largest distributor of dental products in the Wuxi City, Wuxi Yongle Medical Devices Co., Ltd., upon which solid expansion of the Group's distribution platform for dental products in the PRC had been witnessed. In addition to training and promotion targeting over 60 existing sales offices of the Group in the PRC, sales offices in Suzhou, Chongqing, Beijing and Tianjin were gradually merged into the dental distribution business. This has laid the foundation for the Group to expand its dental distribution network to approximately 20 cities by the end of 2008.

During the period ended 30 June 2008, the Group recruited a number of senior operating personnel from a French fashion company, a orthodontic technology company in Beijing and a Japanese dental equipment company respectively. The recruitment of these personnel with high capability has significantly enhanced the quality and operating capabilities of the management of the Group.

BUSINESS PROSPECT

Establishing the foundation to becoming a leading enterprise in the dental industry

After nine months of investment and operation, the Group is certain that investing in the dental industry is a right decision. Accordingly, the Group will put more efforts to speed up the investment and consolidation in the dental industry. The Group plans to become one of the most competitive companies in the dental manufacturing industry of China by the end of 2008.

The Group plans to introduce advanced technologies from Taiwan, Japan and the PRC to set up an orthodontic technology company under Jiangsu Longlife Special Equipment Technology Co., Ltd. ("JLSET"), utilising both joint and self developments, to specialise in research and development, manufacture and sales of equipment and material specially designed for orthodontics. At present, JLSET's self-developed ceramic orthodontic appliances project is running smoothly and JLSET plans to obtain a certificate and introduce to the market at the end of the year. Besides, co-operation with a leading orthodontic technology company in Taiwan will also further strengthen the core competitiveness of JLSET in the future. In the meantime, the Group has approached several Japanese and Chinese manufactures of dental equipments and plans to set up a middle-to-high end manufacturing company of dental equipments based on Japanese technology with production based in the PRC, and to gradually develop into a leading dental equipment company in the PRC.

The Group has extensively investigated the dentures manufacturing industry and is expected to tap into this segment through acquisitions.

The Group is currently establishing a national and international platform for dental distribution under JLSET. At present, the Group has obtained business licenses for its dental products in Suzhou and Wuxi, and has already established a local business platform and management system. With the joining of the other existing sales offices of the Group from over 60 cities, the Group is well-positioned to form a national dental business distribution network. This network will be the largest dental equipment and material distribution network in the PRC. The formation of this network will eliminate the disperse and inefficient distribution of dental equipments and instruments in the PRC. The national, sizable and modern distribution platform will provide convenient and speedy business services for around 0.2 million dentists in the PRC.

Further rationalize cosmetics business, increase investment in health care products and strive to achieve breakeven for the existing business in the year

The Group will continue to rationalise and strengthen the distribution networks in order to digest the impacts brought by high price in raw materials and high labor costs and control the risk of labor dispute. The Group plans to reduce the number of sales staff to 5,000 at the end of the year. This policy will enable the Group to focus on and strengthen its consumable business, and coupled with other adjustments of strategies, to achieve breakeven for its consumable business. While streamlining staff, the Group also endeavors to maintain the completeness of the market. Accordingly, the Group has switched from "direct selling model" to "distribution model" in certain regions and delegates the sales of Longlife's products to local dealers and distributors. This "distribution" strategy allows the Group to maintain its local sales management system, marketing channels and partial market shares, and also greatly reduces the risk of the Group and enhances its operating efficiency.

The Group is still very confident towards the health care product market in the PRC, so we will continue to put in moderate investment in the health care product business.

Summarising the operations in the third quarter, the Directors consider that the Group's decision to the consumable and dental businesses has been a right one and that the implementation of business strategies is also accurate. The Group will continue to streamline its staff to optimise efficiency, develop the dental business, and enhance management quality in order to achieve turnaround in the year, and to capture the key markets and resources of the dental industry and become one of the most competitive enterprises in the dental industry in the PRC.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2008, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Future Ordinance ("SFO")) which require notification to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such director or chief executive is taken or deemed to have under such provision of the SFO) or which are required pursuant to section 352 of the SFO or which are required, pursuant to rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Exchange were as follows:

Long positions in the ordinary shares in the Company

Name of director	Capacity	Number of ordinary shares	Percentage of the issued share capital of the Company
Zheng Lixin[(1)] (鄭立新)	Through a controlled corporation	135,000,000	25.31%
Zhang San Lin (張三林)	Beneficial owner	25,000,000	4.69%
Yang Shun Feng (楊順峰)	Beneficial owner	10,000,000	1.87%
Yao Feng (姚鋒)	Beneficial owner	10,000,000	1.87%

Note:

(1) China Medical Device Group Limited holds 135,000,000 ordinary shares of the Company. The issued share capital of China Medical Device Group Limited is wholly owned by Mr. Zheng Lixin. Mr. Zheng Lixin was deemed to be interested in 135,000,000 ordinary shares of the Company by virtue of its interest in China Medical Device Group Limited.

Save as disclosed above, none of the Directors or chief executive of the Company have, as at 30 June 2008, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the SFO) which require notification to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such director or chief executive is taken or deemed to have under such provision of the SFO) or which are required pursuant to section 352 of the SFO or which are required, pursuant to rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Exchange.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30 June 2008, according to the register kept by the Company pursuant to section 336 of SFO and so far as is known to, or can be ascertained after reasonable enquiry by the Directors, save as disclosed in the paragraph headed "DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES" in this report, the followings person had interest or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, was directly or indirectly interested in 10% or more of the voting power at general meetings of the Company:

Long position in the ordinary shares in the Company

Name of shareholder	Capacity	Number of ordinary shares	Percentage to total issued share capital of the Company
Yang Hong Gen (楊洪根)	Beneficial owner	145,500,000	27.28%
Bao Xiao Mei[(1)] (包小妹)	Interest of spouse of Mr. Yang Hong Gen who is a beneficial owner	145,500,000	27.28%
China Medical Device Group Limited[(2)]	Beneficial owner	135,000,000	25.31%
CITIC International Assets Management Limited[(3)]	Beneficial owner	31,500,000	5.90%
CITIC International Financial Holdings Limited[(3)]	Through a controlled corporation	31,500,000	5.90%
CITIC Group[(3)]	Through a controlled corporation	31,500,000	5.90%

Notes:

(1) Ms. Bao Xiao Mei is the wife of Mr. Yang Hong Gen. By virtue of section 316(1) of the SFO, Ms. Bao Xiao Mei is taken to be interested in the same number of shares in the Company in which Mr. Yang Hong Gen is interested.

(2) China Medical Device Group Limited holds 135,000,000 ordinary shares of the Company. The issued share capital of China Medical Device Group Limited is wholly owned by Mr. Zheng Lixin. Mr. Zheng Lixin was deemed to be interested in 135,000,000 ordinary shares of the Company by virtue of its interest in China Medical Device Group Limited. Interests of Mr. Zheng Lixin was disclosed in "DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES".

(3) CITIC Group was deemed to be interested in 31,500,000 ordinary shares of the Company by virtue of its interest in CITIC International Financial Holdings Limited. CITIC International Financial Holdings Limited was deemed to be interested in 31,500,000 ordinary shares of the Company by virtue of its interest in CITIC International Assets Management Limited.

Save as disclosed above and in the paragraph headed "DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES" and "INTERESTS AND SHORT POSITIONS OF OTHER PERSONS", as at 30 June 2008, the Company has not been notified by any person (other than Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

DIRECTOR'S RIGHTS TO ACQUIRE SHARE OR DEBENTURES

Apart from as disclosed under the heading "Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures" above, at no time during the reporting period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors, their respective spouse or children under 18 years of age to acquire such rights in the Company or any other body corporate.

COMPETING INTERESTS

None of the Directors or the management shareholders of the Company and their respective associates (as defined under the GEM Listing Rules) had any interest in a business which competes or may compete with the business of the Group or has any other conflict of interest with the Group.

AUDIT COMMITTEE

The Company established an audit committee (the "Committee") in June 2004 with written terms of reference in compliance with the GEM Listing Rules. The Committee provides an important link between the Board and the Company's auditors in matters coming within the scope of the Group's audit. It also reviews the effectiveness of both the external audit and of internal controls and risk evaluation. The Committee comprises three independent non-executive Directors, namely Mr. Yu Jie, Mr. Chong Cha Hwa and Dr. Yu Hong.

The Committee has reviewed with the management the accounting principles and practices adopted by the Company and discussed internal controls and financial reporting matters including review of the unaudited condensed results of the Company for the nine months ended 30 June 2008.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the periods under review, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

By Order of the Board
Longlife Group Holdings Limited
Zheng Lixin
Chairman

Hong Kong, 8 August 2008

Executive Directors as at date of this report:
Mr. Zheng Lixin (鄭立新)
Mr. Yao Feng (姚鋒)
Mr. Zhang San Lin (張三林)
Mr. Yang Shun Feng (楊順峰)
Dr. Seet Lip Chai (薛立財)

Non-executive Director as at date of this report:
Mr. Lo Wing Yat, Kelvin (盧永逸)

Independent Non-executive Directors as at date of this report:
Mr. Yu Jie (俞杰)
Mr. Chong Cha Hwa (張家華)
Dr. Yu Hong (虞泓)