朗力福®

Stock Code: 8037

Longlife Group Holdings Limited

朗力福集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Third Quarterly Report 2009

Healthy life
happy life

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 2009 together with the comparative unaudited figures for the corresponding period in 2008, 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 2009

	Notes	**Three months ended 30 June 2009 (Unaudited) *HK$'000***	Three months ended 30 June 2008 (Unaudited) *HK$'000*	**Nine months ended 30 June 2009 (Unaudited) *HK$'000***	Nine months ended 30 June 2008 (Unaudited) *HK$'000*
Turnover	*2*	**28,011**	57,178	**140,717**	213,205
Cost of sales		**(19,862)**	(21,144)	**(62,789)**	(72,496)
Gross profit		**8,149**	36,034	**77,928**	140,709
Other income		**246**	515	**654**	729
Administrative expenses		**(5,221)**	(6,061)	**(17,673)**	(19,303)
Selling and distribution expenses		**(27,610)**	(36,967)	**(88,123)**	(127,267)
Other expenses		**(63)**	(163)	**(584)**	(549)
Loss from operations		**(24,499)**	(6,642)	**(27,798)**	(5,681)
Finance costs		**(862)**	(1,085)	**(2,558)**	(2,539)
Loss before tax		**(25,361)**	(7,727)	**(30,356)**	(8,220)
Income tax expenses	*3*	**(80)**	(895)	**(470)**	(2,924)
Loss for the period		**(25,441)**	(8,622)	**(30,826)**	(11,144)
Attributable to:					
Equity holders of the Company		**(25,176)**	(9,093)	**(31,240)**	(12,113)
Minority interests		**(265)**	471	**414**	969
		(25,441)	(8,622)	**(30,826)**	(11,144)
Loss per share	*4*				
– Basic		**HK(4.72) cents**	HK(1.7) cents	**HK(5.86) cents**	HK(2.29) 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 2008 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 2008.

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 2008. 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.

HKFRS (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – Eligible Hedge Items[3]
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 8	Operating Segments[2]
HK(IFRIC)-INT 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC)-INT 17	Distributions of Non-cash Assets to Owners[3]

[1] Effective for annual periods beginning on or after 1 January 2009, except the amendments to HKFRS 5 which are effective for annual periods beginning on or after 1 July 2009.
[2] Effective for annual periods beginning on or after 1 January 2009.
[3] Effective for annual periods beginning on or after 1 July 2009.

2. Turnover

Turnover represents the amounts received and receivable from sales of goods less sales tax and discounts, if any.

	Three months ended 30 June 2009 (Unaudited) *HK$'000*	Three months ended 30 June 2008 (Unaudited) *HK$'000*	**Nine months ended 30 June 2009 (Unaudited) *HK$'000***	Nine months ended 30 June 2008 (Unaudited) *HK$'000*
Manufacturing and sales of consumer cosmetics	**14,988**	35,756	**74,807**	124,832
Manufacturing and sales of health related products	**5,963**	10,551	**40,391**	57,598
Manufacturing and sales of capsules products	**6,521**	7,991	**18,663**	20,307
Manufacturing and sales of health supplement wine	**532**	2,880	**6,296**	10,468
Manufacturing and sales of dental materials and equipment	**7**	–	**560**	–
	28,011	57,178	**140,717**	213,205

3. Income tax expenses

	Three months ended 30 June 2009 (Unaudited) *HK$'000*	Three months ended 30 June 2008 (Unaudited) *HK$'000*	**Nine months ended 30 June 2009 (Unaudited)** *HK$'000*	Nine months ended 30 June 2008 (Unaudited) *HK$'000*
The amount comprises:				
Hong Kong profits tax – current period	**–**	–	**–**	–
Taxation arising in the PRC – current period	**80**	895	**470**	2,924

No provision for Hong Kong profits tax has been made in the condensed consolidated income statement as the Group's income neither arises in, nor was derived from Hong Kong for the period (2008: Nil).

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

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.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 issued by the Tenth National People's Congress. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. Pursuant to the New Law and Implementation Regulations, the Enterprise Income Tax for both domestic and foreign-invested enterprises will be unified at 25% effective from 1 January 2008. There will be a transitional period for PRC subsidiaries that currently entitled to preferential tax treatments granted by the relevant tax authorities. PRC subsidiaries currently subject to an enterprise income tax rate lower than 25% will continue to enjoy the lower tax rate and be gradually transitioned to the new unified rate of 25% within five years after 1 January 2008.

For the period ended 30 June 2009, the domestic income tax rate of 25% represents the PRC Foreign Enterprise Income Tax of which the Group's operations are substantially based.

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

	Three months ended 30 June 2009 (Unaudited) *HK$'000*	Three months ended 30 June 2008 (Unaudited) *HK$'000*	**Nine months ended 30 June 2009 (Unaudited)** *HK$'000*	Nine months ended 30 June 2008 (Unaudited) *HK$'000*
Loss before tax	**(25,361)**	(7,727)	**(30,356)**	(8,220)
Tax at domestic statutory tax rate of 25% (2008: 25%)	**(6,340)**	(1,932)	**(7,589)**	(2,055)
Tax effect of expenses not deducible for tax purposes	**289**	3,222	**383**	5,747
Tax effect of income not taxable for tax purposes	**(941)**	–	**(1,074)**	–
Tax effect of tax losses not recognised	**7,072**	–	**2,379**	–
Reduction of tax to concessionary rate	**–**	(395)	**6,794**	(768)
Tax effect of exemption granted to PRC subsidiaries	**–**	–	**(423)**	–
Income tax expenses for the period	**80**	895	**470**	2,924

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

The income tax expenses 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 2009 are based on the unaudited consolidated loss from ordinary activities attributable to equity holders of the Company for the periods of approximately HK$25,176,000 and HK$31,240,000 respectively, and on 533,400,000 and 533,400,000 ordinary shares in issue during the periods.

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 from ordinary activities 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.

Diluted loss per share

No diluted loss per share has been presented for the three months and nine months ended 30 June 2009 and 2008 as there was no dilutive potential ordinary share for both periods.

5. Disposal of a subsidiary

On 13 April 2009, the Group disposed 51% equity interests in Wuxi Yongle, a company established in the PRC and engaged in trading of medical machinery, at a consideration of RMB400,000.

6. Share capital and reserves

	Number of shares	**Par value per share**	**Amount** *HK$'000*
A. *Movement of authorised share capital*			
At 30 June 2008, 1 October 2008 and 30 June 2009	2,000,000,000	HK$0.10	200,000
B. *Movement of issued share capital*			
At 30 June 2008, 1 October 2008 and 30 June 2009 (unaudited)	533,400,000	HK$0.10	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*	**Retained profits (Accumulated losses)** *HK$'000*	**Total** *HK$'000*	**Minority interests** *HK$'000*	**Total equity** *HK$'000*
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
At 1 October 2008 (Audited)	53,340	15,479	22,443	15,479	3,098	28,436	(11,127)	127,148	7,393	134,541
Exchange differences arising on translation of foreign operations (Unaudited)	–	–	–	–	–	(408)	–	(408)	(3)	(411)
Reduction in minority interests on disposal of subsidiary (Unaudited)	–	–	–	–	–	–	–	–	(313)	(313)
Minority interests on consolidation (Unaudited)	–	–	–	–	–	–	–	–	414	414
Loss for the period (Unaudited)	–	–	–	–	–	–	(31,240)	(31,240)	–	(31,240)
At 30 June 2009 (Unaudited)	53,340	15,479	22,443	15,479	3,098	28,028	(42,367)	95,500	7,491	102,991

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 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 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 2009 (2008: Nil).

SHARE OPTION SCHEME

During the period ended 30 June 2009, no share option was granted, exercised or lapsed under the share option scheme approved on 26 May 2004.

BUSINESS REVIEW AND OUTLOOK

FINANCIAL REVIEW

Turnover
For the nine months and three months ended 30 June 2009, the Group recorded a sales of approximately HK$140,717,000 and HK$28,011,000 respectively, whereas a sales of approximately HK$213,205,000 and HK$57,178,000 were recorded respectively for the corresponding periods ended 30 June 2008. This represents a decrease of approximately HK$72,488,000 and HK$29,167,000 or approximately 34.0% and 51.0% respectively. The significant decrease in sales was mainly due to the Group persistently streamlining inefficient sales networks. Meanwhile, as the Group is in the conversion of sales model, business in certain regions is nearly in standstill. The drop in price from certain direct sale to wholesale also contributed to the sharp decline to the Group's sales income.

Gross Profit
For the nine months and three months ended 30 June 2009, the Group recorded a gross profit of approximately HK$77,928,000 and HK$8,149,000 respectively, whereas a gross profit of approximately HK$140,709,000 and HK$36,034,000 were recorded respectively for the corresponding periods ended 30 June 2008. This represents a decrease of approximately HK$62,781,000 and HK$27,885,000 or approximately 44.6% and 77.4% respectively. For the nine months ended 30 June 2009, the gross margin percentage was approximately 55.4%, a decrease of 10.6 percentage points as compared to 66.0% for the nine months ended 30 June 2008. For the three months ended 30 June 2009, the gross margin percentage was approximately 29.1%, a decrease of 33.9 percentage points as compared to 63.0% for the three months ended 30 June 2008. The decrease in gross margin was caused by the discount sales of inventory to the dealers and disposal of some short shell life products and a sharp decline of certain sales price from direct sale to wholesale.

Administrative Expenses
For the nine months and three months ended 30 June 2009, administrative expenses were approximately HK$17,673,000 and HK$5,221,000 respectively, a decrease of about HK$1,630,0000 and HK$840,000, or approximately 8.4% and 13.9%, as compared to approximately HK$19,303,000 and HK$6,061,000 over the corresponding periods ended 30 June 2008. The decrease in administrative expenses was due to the Group's continuous effort of cutting staff and saving cost.

Selling and Distribution Expenses

For the nine months and three months ended 30 June 2009, selling and distribution expenses were approximately HK$88,123,000 and HK$27,610,000 respectively. This represents a decrease of approximately HK$39,144,000 and HK$9,357,000, or approximately 30.8% and 25.3%, as compared to HK$127,267,000 and HK$36,967,000 over the corresponding periods ended 30 June 2008. The sharp cut in overall expenses was a result of gradual conversion of the Group's operating model to dealership, drop in labor cost and further controlling of sales expenses from dealership system. However, due to the discount in disposing goods and compensation for laid-off employees, the reduction in sales and distribution expenses did not match the drop in turnover.

Loss for the period

For the nine months and three months ended 30 June 2009, the Group recorded a loss of approximately HK$30,826,000 and HK$25,441,000 respectively. This represents an increase of approximately HK$19,682,000 and HK$16,819,000, as compared to the loss of approximately HK$11,144,000 and HK$8,622,000 over the corresponding periods ended 30 June 2008. Increasing loss for the Group was due to expenses in disposing the goods in short time and the one-time cost for compensation of laid-off staff as the traditional consumer business is streamlining and reorganizing core sales networks. At the same time, the dental business did not generate enough revenue as it's still in early stage.

BUSINESS REVIEW

The Directors believe that during the two years' restructuring, the Group significantly reduced the operating and labor risks and successfully converted its business model from direct sale to dealership system. By doing this, the Group can largely reduce the inventory in the channels to improve liquidity and avoid goods loss, and it has successfully reduced number of employees by 80% which resulted in an immediate reduction of labor cost by about 30% as well as large portion of social insurance liability. After solving labor problems in consumer business, the Group moved forward successfully on new dental material project and obtained preliminary capability of research and development and sale marketing for orthodontic material. The global financial crisis has increased the difficulties for the Group to restructure and slowed down the pace of dental business development. Even though the Group was still incurred short term loss, the Directors believe the conversion of business model has laid solid foundation to future profit ability.

FUTURE OUTLOOK

In consumer goods, the Group will strive to accomplish the business conversion by the end of this financial year which may future cause one-time loss to the Group. However, the Group's consumer business may get rid of the draw backs of direct sales model, operate effectively with the dealership system so as to follow the Group's strategy of "light capital, effective operation and full services" and to regain profit ability.

In the dental business, the Group recouped its total investment of Wuxi Yongle Medical Devices Co., Ltd. by selling of controlling shares and obtained valuable insights in dental distribution business and acquisition. The Group will future look for co-operation opportunities with Taiwan, Japan, Israel, Swiss and other countries in the area of product, equipment and technology. The dental material project has been progressing satisfactorily and the Group expects to market new product globally by the end of this year. The Group will commit to establishing both domestic and international sales network for medium to high end dental products through international cooperation.

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

As at 30 June 2009, 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 (鄭立新)	Through a controlled corporation	135,000,000 *(Note)*	25.31%
Zhang San Lin (張三林)	Beneficial owner	25,000,000	4.69%
Yao Feng (姚鋒)	Beneficial owner	10,000,000	1.87%

Note: These shares are held by China Medical Device Group Limited, a company wholly-owned by Mr. Zheng Lixin.

Save as disclosed above, none of the Directors or chief executive of the Company have, as at 30 June 2009, 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 IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2009, 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 (包小妹)	Interest of spouse	145,500,000 *(Note 1)*	27.28%
China Medical Device Group Limited	Beneficial owner	135,000,000 *(Note 2)*	25.31%
CITIC International Assets Management Limited	Beneficial owner	31,500,000	5.90%
CITIC International Financial Holdings Limited	Through a controlled corporation	31,500,000 *(Note 3)*	5.90%
CITIC Group	Through a controlled corporation	31,500,000 *(Note 3)*	5.90%

Notes:

1. Ms. Bao Xiao Mei is the wife of Mr. Yang Hong Gen. By virtue of the SFO, Ms. Bao Xiao Mei is deemed to be interested in the shares of Mr. Yang Hong Gen.

2. These shares are held by China Medical Device Group Limited, a company wholly-owned by Mr. Zheng Lixin, an executive Director.

3. These shares are held by CITIC International Assets Management Limited, a company 40% owned by CITIC International Financial Holdings Limited and 55% owned by CITIC Group respectively.

Save as disclosed above, as at 30 June 2009, 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 representing 5% or more of the issued share capital of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

RIGHTS TO ACQUIRE COMPANY'S SECURITIES

Other than as disclosed under the sections "SHARE OPTION SCHEME" and "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES" above, at no time during the nine months ended 30 June 2009 was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates (as defined in the GEM Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, 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 "Audit Committee") with written terms of reference in compliance with the requirements as set out in the GEM Listing Rules for the purposes of reviewing and supervising the financial reporting process and internal controls of the Group. The Audit Committee currently comprises of Mr. Yu Jie, Mr. Chong Cha Hwa and Dr. Yu Hong.

The Audit 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 2009.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the nine months ended 30 June 2009, 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, 11 August 2009

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. Chen Zhongwei (陳中瑋)

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)