朗力福®

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

Healthy life happy life

Interim Report **2010**

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.

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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 INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of Longlife Group Holdings Limited (the "Company") is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the three months and six months ended 31 March 2010 together with the comparative unaudited figures for the corresponding periods ended 31 March 2009, prepared in accordance with Hong Kong Financial Reporting Standards and 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

		Three months ended 31 March		**Six months ended 31 March**	
		2010	**2009**	**2010**	**2009**
		(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover	*2*	**27,408**	59,664	**50,727**	112,706
Cost of sales		**(13,888)**	(22,745)	**(23,637)**	(42,927)
Gross profit		**13,520**	36,919	**27,090**	69,779
Other income		**42**	354	**131**	408
Fair value loss on financial assets through profit or loss		**(179)**	–	**(179)**	–
Administrative expenses		**(3,501)**	(5,142)	**(7,326)**	(12,452)
Selling and distribution expenses		**(10,750)**	(34,034)	**(21,045)**	(60,513)
Other expenses		**(210)**	(480)	**(259)**	(521)
Finance costs	*4*	**(685)**	(655)	**(1,252)**	(1,696)
Loss before tax	*5*	**(1,763)**	(3,038)	**(2,840)**	(4,995)
Income tax expenses	*6*	**(97)**	(149)	**(107)**	(390)
Loss for the period		**(1,860)**	(3,187)	**(2,947)**	(5,385)
Attributable to:					
Owners of the Company		**(2,085)**	(3,471)	**(3,068)**	(6,064)
Non-controlling interests		**225**	284	**121**	679
		(1,860)	(3,187)	**(2,947)**	(5,385)
Dividends	*7*	**–**	–	**–**	–
Loss per share	*8*				
– Basic		**(0.38) cents**	(0.65) cent	**(0.56) cents**	(1.14) cents
– Diluted		**N/A**	N/A	**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three months ended 31 March		Six months ended 31 March	
	2010 (Unaudited) *HK$'000*	2009 (Unaudited) *HK$'000*	**2010 (Unaudited) *HK$'000***	2009 (Unaudited) *HK$'000*
Loss for the period	**(1,860)**	(3,187)	**(2,947)**	(5,385)
Other comprehensive income (loss):				
Exchange difference arising on translation of foreign operations	**47**	(476)	**70**	(533)
Total comprehensive loss for the period	**(1,813)**	(3,663)	**(2,877)**	(5,918)
Attributable to:				
Owners of the Company	**(2,047)**	(3,946)	**(3,011)**	(6,590)
Non-controlling interests	**234**	283	**134**	672
	(1,813)	(3,663)	**(2,877)**	(5,918)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 31 March 2010 (Unaudited) HK$'000	At 30 September 2009 (Audited) HK$'000
NON-CURRENT ASSETS			
Goodwill		–	–
Property, plant and equipment		44,100	46,291
Prepaid lease payments		15,980	16,191
		60,080	62,482
CURRENT ASSETS			
Prepaid lease payments		394	394
Inventories		34,156	35,568
Financial assets through profit or loss		3,750	–
Trade and bills receivables	9	48,250	40,864
Prepayments and other receivables		9,923	7,765
Tax recoverable		–	138
Amount due from a director		–	56
Pledged bank deposits		–	5,675
Cash and cash equivalents		28,800	2,128
		125,273	92,588
CURRENT LIABILITIES			
Trade and bills payables	10	26,133	36,885
Other payables and accruals		50,533	37,698
Bank and other borrowings – due within one year		17,857	20,312
Amount due to a minority shareholder	11	954	2,851
Amount due to a shareholder	11	–	4,581
Amount due to a director	11	500	500
Other loan	12	20,712	–
Tax payable		99	–
		116,788	102,827
NET CURRENT ASSETS (LIABILITIES)		8,485	(10,239)
TOTAL ASSETS LESS CURRENT LIABILITIES		68,565	52,243
NON-CURRENT LIABILITY			
Bank and other borrowings – due after one year		–	3,065
NET ASSETS		68,565	49,178
CAPITAL AND RESERVES			
Share capital		64,008	53,340
Reserves		(1,791)	(10,376)
Equity attributable to owners of the Company		62,217	42,964
Non-controlling interests		6,348	6,214
TOTAL EQUITY		68,565	49,178

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 March 2010

	Attributable to owners of the Company									
	Share capital HK$'000 (Note 1)	**Share premium** HK$'000	**Special reserve** HK$'000 (Note 2)	**Statutory surplus reserve fund** HK$'000 (Note 3)	**Statutory enterprise expansion fund** HK$'000 (Note 4)	**Exchange reserve** HK$'000	**Accu-mulated losses** HK$'000	**Total** HK$'000	**Non-controlling interests** HK$'000	**Total equity** HK$'000
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
(Loss) profit for the period	–	–	–	–	–	–	(6,064)	(6,064)	679	(5,385)
Other comprehensive loss										
Exchange differences arising on translation of foreign operations	–	–	–	–	–	(526)	–	(526)	(7)	(533)
Total comprehensive (loss) income for the period	–	–	–	–	–	(526)	(6,064)	(6,590)	672	(5,918)
At 31 March 2009 (Unaudited)	53,340	15,479	22,443	15,479	3,098	27,910	(17,191)	120,558	8,065	128,623
At 1 October 2009 (Audited)	53,340	15,479	22,443	15,479	3,098	27,813	(94,688)	42,964	6,214	49,178
(Loss) profit for the period	–	–	–	–	–	–	(3,068)	(3,068)	121	(2,947)
Other comprehensive loss										
Exchange differences arising on translation of foreign operations	–	–	–	–	–	57	–	57	13	70
Total comprehensive (loss) income for the period	–	–	–	–	–	57	(3,068)	(3,011)	134	(2,877)
Placing of new shares	10,668	12,268	–	–	–	–	–	22,936	–	22,936
Transaction costs attributable to placing of new shares	–	(672)	–	–	–	–	–	(672)	–	(672)
At 31 March 2010 (Unaudited)	64,008	27,075	22,443	15,479	3,098	27,870	(97,756)	62,217	6,348	68,565

Notes:

1. Pursuant to the placing and subscription agreement dated 10 February 2010, the Company issued 106,680,000 ordinary shares of HK$0.10 each at a price of HK$0.215 per share to independent third parties for cash. The new shares rank pari passu with the existing shares in all respects.

2. 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.

3. Pursuant to the Articles of Association of certain subsidiaries of the Company in the People's Republic of China (the "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.

4. 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.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 31 March	
	2010	**2009**
	(Unaudited)	**(Unaudited)**
	HK$'000	*HK$'000*
NET CASH (OUTFLOW) INFLOW FROM OPERATING ACTIVITIES	**(13,210)**	8,847
NET CASH INFLOW (OUTFLOW) FROM INVESTING ACTIVITIES	**1,699**	(9,466)
NET CASH INFLOW FROM FINANCING ACTIVITIES	**37,456**	6,703
INCREASE IN CASH AND CASH EQUIVALENTS	**25,945**	6,084
Cash and cash equivalents at beginning of period	**2,128**	11,751
Effect of foreign exchange rate changes	**727**	(1,410)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**28,800**	16,425

Notes:

1. Group Reorganisation and Basis of Preparation

Longlife Group Holdings Limited (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 presented in Hong Kong dollars ("HK$"). Other than those subsidiaries established in the People's Republic of China (the "PRC") whose functional currency is Renminbi ("RMB"), the functional currency of the Company and its subsidiaries are HK$. The reason for selecting HK$ as its presentation currency is because the Company is a public company listed on the Growth Enterprise Market of The Stock Exchange, where most of the investors are located in Hong Kong.

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 2009 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 2009.

In the current period, the Group has applied, for the first time, 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 2009. 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 applied the following new and revised 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.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs May 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs April 2009[2]
HKAS 1 (Revised)	Presentation of Financial Statements[3]
HKAS 23 (Revised)	Borrowing Costs[3]
HKAS 24 (Revised)	Related Party Disclosures[7]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[4]
HKAS 32 (Amendment)	Financial instruments: Presentation – Classification of Rights Issues[6]
HKAS 32 & HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[3]
HKAS 39 (Amendment)	Eligible Hedged Items[4]
HKFRS 1 (Revised)	First-time Adoption of HKFRSs[4]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[5]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[3]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[3]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[5]
HKFRS 3 (Revised)	Business Combinations[4]
HKFRS 7 (Amendments)	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments[3]
HKFRS 8	Operating Segments[3]
HKFRS 9	Financial Instruments[8]
HK(IFRIC)-INT 14 (Amendment)	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[7]
HK(IFRIC)-INT 15	Agreements for the Construction of Real Estate[3]
HK(IFRIC)-INT 17	Distributions of Non-cash Assets to Owners[4]
HK(IFRIC)-INT 19	Extinguishing Financial Liabilities with Equity Instruments[9]

1 Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate
3 Effective for annual periods beginning on or after 1 January 2009
4 Effective for annual periods beginning on or after 1 July 2009
5 Effective for annual periods beginning on or after 1 January 2010
6 Effective for annual periods beginning on or after 1 February 2010
7 Effective for annual periods beginning on or after 1 January 2011
8 Effective for annual periods beginning on or after 1 January 2013
9 Effective for annual periods beginning on or after 1 July 2010

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

2. Turnover

Turnover represents the amounts received and receivable from sales of goods less sales tax and discounts, if any, during the periods. The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products they provide. Each of the Group's business segments represents a strategic business unit that offers products which are subject to risks and returns that are different from those of the other business segments.

The Group has adopted HKFRS 8 Operating Segments with effect from 1 October 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor Standard (HKAS 14, Segment Reporting) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

The chief operating decision maker considers the business from product perspective. From a product perspective, the chief operating decision maker assesses the performance of manufacturing and sales of i) consumer cosmetics ii) health related products iii) capsules products iv) health supplement wine v) dental materials and equipment. In addition, the identifiable assets of the Group are located in the PRC. Accordingly, no analyses by geographical area of operations are provided.

Condensed consolidated income statement

	Manufacturing and sales of consumer cosmetics Six months ended 31 March		Manufacturing and sales of health related products Six months ended 31 March		Manufacturing and sales of capsules products Six months ended 31 March		Manufacturing and sales of health supplement wine Six months ended 31 March		Manufacturing and sales of dental materials and equipment Six months ended 31 March		Consolidated Six months ended 31 March	
	2010 (Unaudited) *HK$'000*	2009 (Unaudited) *HK$'000*	**2010 (Unaudited) *HK$'000***	2009 (Unaudited) *HK$'000*	**2010 (Unaudited) *HK$'000***	2009 (Unaudited) *HK$'000*	**2010 (Unaudited) *HK$'000***	2009 (Unaudited) *HK$'000*	**2010 (Unaudited) *HK$'000***	2009 (Unaudited) *HK$'000*	**2010 (Unaudited) *HK$'000***	2009 (Unaudited) *HK$'000*
Turnover	**18,936**	59,819	**14,946**	34,428	**15,116**	12,142	**1,516**	5,764	**213**	553	**50,727**	112,706
Segment results	**868**	2,619	**(529)**	(3,570)	**701**	2,228	**(554)**	(2,657)	**(420)**	(1,180)	**66**	(2,560)
Other income											**131**	408
Unallocated corporate expenses											**(1,785)**	(1,147)
Finance costs											**(1,252)**	(1,696)
Loss before tax											**(2,840)**	(4,995)
Income tax expenses											**(107)**	(390)
Loss for the period											**(2,947)**	(5,385)

Condensed consolidated statement of financial position

	Manufacturing and sales of consumer cosmetics		Manufacturing and sales of health related products		Manufacturing and sales of capsules products		Manufacturing and sales of health supplement wine		Manufacturing and sales of dental materials and equipment		Consolidated	
	31 March 2010 (Unaudited) HK$'000	30 September 2009 (Audited) HK$'000	31 March 2010 (Unaudited) HK$'000	30 September 2009 (Audited) HK$'000	31 March 2010 (Unaudited) HK$'000	30 September 2009 (Audited) HK$'000	31 March 2010 (Unaudited) HK$'000	30 September 2009 (Audited) HK$'000	31 March 2010 (Unaudited) HK$'000	30 September 2009 (Audited) HK$'000	31 March 2010 (Unaudited) HK$'000	30 September 2009 (Audited) HK$'000
Assets												
Segment assets	72,534	53,557	39,111	39,753	41,429	38,788	3,859	8,430	6,621	6,426	163,554	146,954
Unallocated corporate assets											21,799	8,116
Total assets											185,353	155,070
Liabilities												
Segment liabilities	31,875	35,392	24,648	20,923	22,756	14,049	5,406	2,387	380	401	85,065	73,152
Unallocated corporate liabilities											31,723	32,740
Total liabilities											116,788	105,892

Other information

	Manufacturing and sales of consumer cosmetics Six months ended 31 March		Manufacturing and sales of health related products Six months ended 31 March		Manufacturing and sales of capsules products Six months ended 31 March		Manufacturing and sales of health supplement wine Six months ended 31 March		Manufacturing and sales of dental materials and equipment Six months ended 31 March		Consolidated Six months ended 31 March	
	2010 (Unaudited) HK$'000	2009 (Unaudited) HK$'000	2010 (Unaudited) HK$'000	2009 (Unaudited) HK$'000	2010 (Unaudited) HK$'000	2009 (Unaudited) HK$'000	2010 (Unaudited) HK$'000	2009 (Unaudited) HK$'000	2010 (Unaudited) HK$'000	2009 (Unaudited) HK$'000	2010 (Unaudited) HK$'000	2009 (Unaudited) HK$'000
Capital expenditures	–	20	–	167	226	46	–	–	–	267	226	500
Depreciation of property, plant and equipment	645	80	301	1,212	738	861	30	393	47	40	1,761	2,586

3. Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through optimisation of the debt and equity balance. The Group's overall strategy remains unchanged during the two periods ended 31 March 2010 and 2009.

The capital structure of the Group consists of debt, which includes borrowings, cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves. The directors of the Company review the capital structure on a regular basis. As a part of this review, the directors of the Company consider the cost of capital and the associated risks and take appropriate actions to adjust the Group's capital structure.

4. Finance costs

	Three months ended 31 March		Six months ended 31 March	
	2010	**2009**	**2010**	**2009**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Interest on:				
Bank and other borrowings wholly repayable within five years	**345**	655	**912**	1,696
Other loan	**340**	–	**340**	–
	685	655	**1,252**	1,696

5. Loss before tax

	Three months ended 31 March		Six months ended 31 March	
	2010	**2009**	**2010**	**2009**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Loss before tax has been arrived at after charging:				
Cost of inventories recognised as an expense	**13,888**	22,745	**23,637**	42,927
Depreciation of property, plant and equipment	**831**	1,248	**1,761**	2,586

6. Income tax expenses

	Three months ended 31 March		Six months ended 31 March	
	2010	**2009**	**2010**	**2009**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The amount comprises:				
Hong Kong profits tax – current period	**–**	–	**–**	–
Taxation arising in the PRC – current period	**97**	149	**107**	390

No provision for Hong Kong Profits Tax has been made in the condensed consolidated income statement as the Group's income neither arose in, nor was derived from Hong Kong for both periods.

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.

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

	Three months ended 31 March		Six months ended 31 March	
	2010 (Unaudited) *HK$'000*	**2009 (Unaudited)** *HK$'000*	**2010 (Unaudited) *HK$'000***	**2009 (Unaudited)** *HK$'000*
Loss before tax	**(1,763)**	(3,038)	**(2,840)**	(4,995)
Tax at respective applicable tax rates	**(335)**	(760)	**(563)**	(1,249)
Tax effect of expenses not deductible for tax purposes	**15**	87	**184**	94
Tax effect of income not taxable for tax purposes	**(9)**	(127)	**(31)**	(133)
Tax effect of tax losses not recognised	**426**	1,052	**517**	2,379
Reduction of tax to concessionary rate	**–**	–	**–**	(278)
Tax effect of exemption granted to PRC subsidiaries	**–**	(103)	**–**	(423)
Income tax expenses for the period	**97**	149	**107**	390

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 some of the Group's subsidiaries.

7. Dividends

The Board does not recommend the payment of any interim dividend for the six months ended 31 March 2010 (2009: Nil).

8. Loss per share

Basic loss per share

The calculations of basic loss per share for the three months and six months ended 31 March 2010 are based on the unaudited consolidated loss for the period attributable to owners of the Company for the periods of approximately HK$2,085,000 and HK$3,068,000 respectively, and on approximately 546,295,000 and 546,295,000 ordinary shares, being the weighted average number of shares in issue during the periods.

The calculations of basic loss per share for the three months and six months ended 31 March 2009 are based on the unaudited consolidated loss for the period attributable to owners of the Company for the periods of approximately HK$3,471,000 and HK$6,064,000 respectively, and on 533,400,000 and 533,400,000 ordinary shares, being the weighted average number of shares in issue during the periods.

Diluted loss per share

No diluted loss per share have been presented for the three months and six months ended 31 March 2010 and 2009 as there was no dilutive potential ordinary share for both periods.

9. Trade and bills receivables

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

	31 March 2010 (Unaudited) *HK$'000*	**30 September 2009 (Audited)** *HK$'000*
0 – 90 days	**31,240**	26,361
91 – 180 days	**4,146**	8,726
181 – 365 days	**7,441**	5,721
Over 365 days	**5,423**	56
	48,250	40,864

In the opinion of the Directors, the fair value of the trade and bills receivables approximates to the corresponding carrying amounts.

10. Trade and bills payables

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

	31 March 2010 (Unaudited) ***HK$'000***	**30 September 2009 (Audited)** *HK$'000*
0 – 90 days	**12,327**	19,265
91 – 180 days	**3,086**	11,084
181 – 365 days	**4,416**	5,513
Over 365 days	**6,304**	1,023
	26,133	36,885

In the opinion of the Directors, the fair value of the trade and bills payables approximates to the corresponding carrying amounts.

11. Amount due to a minority shareholder, a shareholder and a director

The amounts are unsecured, interest free and repayable on demand. In the opinion of the Directors, the fair value are approximates to its carrying amounts.

12. Other loan

The amounts are unsecured, born interest at 5% per annum and repayable when the Group is financially capable to do so. In the opinion of Directors, the fair value are approximates to its carrying amount.

13. Operating lease commitments

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

	31 March 2010 (Unaudited) ***HK$'000***	**30 September 2009 (Audited)** *HK$'000*
Within one year	**255**	161
In the second to fifth year inclusive	**432**	–
	687	161

Leases are negotiated and rentals are fixed for terms of 2 months to 3 years (30 September 2009: 1 year to 2 years).

14. Capital commitments

	31 March 2010 (Unaudited) ***HK$'000***	**30 September 2009 (Audited)** *HK$'000*
Capital expenditures contracted for but not provided in the condensed consolidated financial statements in respect of – acquisition of property, plant and equipment	**5,428**	5,508

15. Pledge of assets

At 31 March 2010, the Group's credit facilities are secured by certain of the Group's prepaid lease payments and property, plant and equipment.

16. Related party transactions

The Group has the following significant related party transaction with the following related party during the period:

		Unaudited three months ended 31 March		Unaudited six months ended 31 March	
		2010	**2009**	**2010**	**2009**
		(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Name of the related party	**Nature**	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Mr. Yang Hong Gen	– Other loan	**20,372**	–	**20,372**	–
	– Interest expenses on other loan	**340**	–	**340**	–

The following balance was outstanding at the end of the period:

Name of the related party	**Nature**	**At 31 March 2010 (Unaudited)** ***HK$'000***	**At 30 September 2009 (Audited)** *HK$'000*
Mr. Yang Hong Gen	Other loan *(note a)*	**20,712**	–
	Other payables *(note b)*	**4,672**	4,581

Notes:

(a) He is a former controlling shareholder of the Company and he is a family member with a director, Mr. Chen Zhongwei. The amount is unsecured, born interest at 5% per annum and repayable when the Group is financially capable to do so. In the opinion of Directors, the fair value are approximates to its carrying amount.

(b) The amount is unsecured, interest free and repayable on demand. In the opinion of Directors, the fair value are appropriates to its carrying amount.

17. Events after the reporting period

The following events occurred subsequent to 31 March 2010 up to the date of approval of this report by the board of Directors.

(1) On 9 April 2010, the placing of new shares of the Company was completed and 128,000,000 new shares were issued and allotted at placing price of HK$0.27 per share under general mandate pursuant to the Placing Agreement signed between the Company and the Placing Agent.

(2) On 7 May 2010, the placing of a maximum of 192,000,000 new shares of the Company at placing price of HK$0.27 per share under specific mandate pursuant to the Placing Agreement signed between the Company and the Placing Agent was approved by the shareholders of the Company as an ordinary resolution. The placing was not yet completed on the date of this report.

(3) One 18 December 2009, the Company announced that a wholly owned subsidiary of the Company (the "Vendor") entered into an agreement (the "Agreement") with an independent third party (the "Purchaser") in relation to disposed of a land use right in respect of the Land located at Longlife Road of Weitang Town, Xiang Cheng District of Suzhou, the PRC. Despite repeated demands by the Vendor and negotiation between the parties, the Purchaser's failed to settle the first tranche of the consideration for the Disposal. On 11 May 2010, the Vendor sent a written notice to the Purchaser to terminate the Agreement with immediate effect, and expressly reserved all its rights to seek compensation from the Purchaser.

BUSINESS REVIEW

During the period under review, China's economy recovered strongly and the growth of total retail amount of social consumer goods, stimulated by the government polices, recovered to the level which is prior to financial crisis. As the consumer business model of the Group was converted from direct sale to wholesale and agent based model, meanwhile the Group continued to streamline the inefficient sales networks in Shanghai direct sales market, the selling price and sales volume decreased 17.53% and 33.31% compared to that of corresponding period in last year, respectively, and the sales dropped 54.99% compared to that of last year. The Directors consider that although the sales decreased significantly, the Group has initially solved the huge risks (such as operation losses and labor) accumulated for many years, which caused the direct and indirect employees to decrease from approximately 4,600 employees of corresponding period in last year to 932 employees at present.

Revenue

For the six months and three months ended 31 March 2010, the revenue was approximately HK$50,727,000 and approximately HK$27,408,000 respectively, whereas the revenue was approximately HK$112,706,000 and approximately HK$59,664,000 for the corresponding periods ended 31 March 2009 respectively, representing a decrease of approximately HK$61,979,000 and approximately HK$32,256,000 or approximately 54.99% and 54.06%. The significant decrease in sales was due to the Group's conversion on its sales model to agent and dealership structure, continuous effort in streamlining inefficient sales networks.

Gross Profit

For the six months and three months ended 31 March 2010, the gross profit was approximately HK$27,090,000 and approximately HK$13,520,000 respectively, whereas the gross profit was approximately HK$69,779,000 and approximately HK$36,919,000 for the corresponding periods ended 31 March 2009 respectively, representing a decrease of approximately HK$42,689,000 and approximately HK$23,399,000 or approximately 61.17% and 63.37%. For the six months ended 31 March 2010, the gross margin was approximately 53.40%, a decrease of 8.51 percentage points as compared to 61.91% for the six months 31 March 2009. The decrease in gross margin was mainly due to the Group's conversion on its sales model to agent and dealership structure and price cut in order to face the fierce competition from other manufacturers and maintain its dealers.

Administrative Expenses

For the six months and three months ended 31 March 2010, administrative expenses were approximately HK$7,326,000 and approximately HK$3,501,000 respectively, whereas the administrative expenses were approximately HK$12,452,000 and approximately HK$5,142,000 for the corresponding periods ended 31 March 2009 respectively, representing a decrease of approximately HK$5,126,000 and approximately HK$1,641,000 or approximately 41.17% and approximately 31.91%. The decrease in administrative expenses was due to the Group's strategy of cutting staff members and saving cost.

Selling and Distribution Expenses

For the six months and three months ended 31 March 2010, selling and distribution expenses were approximately HK$21,045,000 and approximately HK$10,750,000, whereas the selling and distribution expenses were approximately HK$60,513,000 and approximately HK$34,034,000 for the corresponding periods ended 31 March 2009 respectively, representing a decrease of approximately HK$39,468,000 and approximately HK$23,284,000 or approximately 65.22% and approximately 68.41%. The sharp drop in selling and distribution expenses was a result of the Group's conversion on its sales model to agent and dealership structure and continuous effort in streamlining inefficient sales networks in Shanghai direct sales market as well as its effort in cost control.

Loss

For the six months and three months ended 31 March 2010, the Group recorded losses of approximately HK$2,947,000 and approximately HK$1,860,000, whereas the losses were approximately HK$5,385,000 and approximately HK$3,187,000 for the corresponding periods ended 31 March 2009 respectively, representing a decrease of approximately HK$2,438,000 and approximately HK$1,327,000. Significant decrease in losses was due to the Group's conversion on its sales model to agent and dealership structure, and the decrease in sales expenses resulting from streamlining inefficient sales networks.

LIQUIDITY AND FINANCIAL RESOURCES

The Group adopts a prudent policy for its financial resources management. The Group had cash and cash equivalents (excluding pledged bank deposits) of approximately HK$28,800,000 as at 31 March 2010 (30 September 2009: approximately HK$2,128,000).

The Group generally finances its operations with internally generated cash flows and banking facilities. As at 31 March 2010, the Group had bank and other borrowings of approximately HK$17,857,000 (30 September 2009: approximately HK$23,377,000) and other loan of approximately HK$20,712,000 (30 September 2009: Nil). The interests of such bank and other borrowings usually accrue at fixed rates.

Details of assets pledged by the Group to secure banking facilities are set out in note 15 to the condensed consolidated results.

The gearing ratio (defined as total borrowings to total assets) of the Group as at 31 March 2010 and 30 September 2009 were approximately 21.6% and approximately 20.2% respectively.

SIGNIFICANT INVESTMENT

Save as disclosed in this report, the Company does not have any significant investment during the six months ended 31 March 2010.

DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 31 March 2010 (2009: Nil).

CURRENCY STRUCTURE

The Group had limited exposure to foreign exchange rate fluctuation as most of its transactions, including borrowings, were mainly conducted in Renminbi and the exchange rates of these currencies were relatively stable throughout the periods.

TERMINATION OF DISPOSAL OF LAND USE RIGHT

On 18 December 2009, the Company announced that a wholly owned subsidiary of the Company (the "Vendor") entered into an agreement (the "Agreement") with an independent third party (the "Purchaser") in relation to disposed of a land use right in respect of the land located at Longlife Road of Weitang Town, Xiang Cheng District of Suzhou, the PRC. Despite repeated demands by the Vendor and negotiation between the parties, the Purchaser failed to settle the first tranche of the consideration for the Disposal. On 11 May 2010, the Vendor sent a written notice to the Purchaser to terminate the Agreement with immediate effect, and expressly reserved all its rights to seek compensation from the Purchaser.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 March 2010 (30 September 2009: Nil).

CAPITAL COMMITMENTS

Details of capital commitments are set out in note 14 to the condensed consolidated results.

FUTURE OUTLOOK

The primary task of the Group is to continue deepening the business model of "light asset, focus on operation and full services". The Group will conduct conversion and contraction of inefficient sales networks in Shanghai market, which may cause a continuous drop in turnover, inventory level and direct and indirect employees. After contraction of business, the utilization rate of assets will be significantly decreased and the Group will dispose of inefficient non-key assets in a positive way, which may result in a certain degree of accounting losses. The Directors believe that these actions will help to reduce losses, to turn around the operations, to rebuild the profitability and to increase the shareholders' long-term value.

Given the oversized assets and decreased utilization after its business has been shrunk, the Group is considering disposal of the idle assets, including a piece of land in Suzhou City and the Group's dental materials and equipment business, to improve assets efficiency. Furthermore, the government has conducted a national investigation on idle land and it may impose vacant land tax on several idle land plots or take back without compensation. In order to comply the requirements of idle assets management, the Group shall quicken the disposal of idle assets.

The directors believe that positive disposition of idle assets can enable it to concentrate the resources on its core consumer business and properly comply with the requirements of idle assets management imposed by the government.

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

As at 31 March 2010, 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 to total issued share capital of the Company
Zhang San Lin (張三林)	Beneficial owner	9,900,000	1.55%
Yao Feng (姚鋒)	Beneficial owner	10,000,000	1.56%
Zheng Lixin (鄭立新) *(Note)*	Through a controlled corporation	5,335,000	0.83%
Chan Wai Yan (陳慧殷)	Beneficial owner	390,000	0.06%

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 nor chief executives of the Company had, as at 31 March 2010, 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 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 31 March 2010, 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' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES" in this report, the following person had an interest or short positions in the shares, underlying shares and debentures 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 5% or more of the voting power at general meetings of the Company:

Long positions in the ordinary shares in the Company

Name of shareholder	Capacity	Number of ordinary shares	Percentage to total issued share capital of the Company
Sino Katalytics Investment Corporation	Beneficial owner	118,455,000	18.51%
Au Yeung Kai Chor	Beneficial owner	35,000,000	5.47%

Save as disclosed above, the Company has not been notified of any other interests or short positions representing 5% or more of the issued share capital of the Company and recorded in the register required to be kept by the Company under section 336 of the SFO as at 31 March 2010.

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 six months ended 31 March 2010 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.

SHARE OPTION SCHEME

During the six months ended 31 March 2010, no share option was granted, exercised, expired or lapsed under the share option scheme approved on 26 May 2004.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group had no material acquisitions and disposals of subsidiaries and associated companies for the six months ended 31 March 2010.

EMPLOYEES' REMUNERATION

As at 31 March 2010, the Group, directly and indirectly, had 932 (30 September 2009: 1,268) employees which are mainly located in the PRC. The staff costs for the six months ended 31 March 2010 was approximately HK$10,227,000.

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

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

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

DISCLOSURE OF INFORMATION ON DIRECTORS

Pursuant to rule 17.50 A (1) of the GEM Listing Rules, the changes of information on directors are as follows:

Mr. Cheung Hung, executive director of the Company, is entitled director's emolument of HK$50,000 per month. Ms. Chan Wai Yan and Mr. Sham Chi Keung William, both are independent non-executive directors of the Company, are entitled directors' emolument of HK$10,000 per month respectively. Save as disclosed above, there is no change of the remuneration package of each director during the six months ended 31 March 2010.

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.

PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive rights under the Company's articles of association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro rata basis to exiting shareholders.

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. Chong Cha Hwa, Ms. Chan Wai Yan and Mr. Sham Chi Keung William.

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 consolidated results of the Company for the six months ended 31 March 2010.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company also had made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transaction by Directors during the six months ended 31 March 2010, except Ms. Chan Wai Yan ("Ms. Chan"), the independent non-executive director of Company appointed on 19 January 2010, has breached rules 5.56(a) and 5.61 of the GEM Listing Rules by disposing 100,000 shares of the Company on 26 January 2010 (the "Disposal") during the blackout period from 9 January 2010 to 8 February 2010. Ms. Chan has not notified the chairman of the Company and obtained a dated written acknowledgement prior to the Disposal. Ms. Chan informed the Company after the Disposal.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31 March 2010, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

CORPORATE GOVERNANCE

The Board considers that the Company has complied with the code provisions of Code on Corporate Governance Practices ("CG Code") set out in Appendix 15 of the GEM Listing Rules throughout the six months ended 31 March 2010, except for the following deviations:-

1. **Chairman and chief executive officer**

   Pursuant to the code provisions A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

   Mr. Zheng Lixin was appointed as the chairman and chief executive officer of the Company on 31 October 2007 who is responsible for managing the Board and the Group's business. The Board considers that Mr. Zheng has in-depth knowledge in the Group's business and can make appropriate decisions promptly and efficiently.

   The Board considered the effectiveness of the Group's corporate governance structure, therefore, it appointed Mr. Yang Shun Feng, who replaced Mr. Zheng Lixin, to be the chief executive officer on 1 October 2009.

   On 7 April 2010, Mr. Zheng Lixin resigned as chairman and executive director of the Company. Mr. Cheung Hung, an existing executive director, is appointed as chairman of the Company on the same date.

2. **Non-executive directors**

   Code provision A4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

   Apart from the executive Directors and independent non-executive Directors, the non-executive Director Mr. Lo Wing Yat, Kelvin ("Mr. Lo") is not appointed for specific terms. However, the non-executive Director is subject to retirement by rotation in accordance with the articles of association of the Company and Mr. Lo has resigned on 9 April 2010. Accordingly, the Company believes that the non-executive Director ought to be committed to represent the long-term interests of the Company's shareholders and the rotation methodology ensures a reasonable proportion of Directors in continuity which is to the best interest of the Company's shareholders.

   In conclusion, the Company will continue to review regularly and take appropriate actions to comply with the CG Code.

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

Hong Kong, 12 May 2010

Executive Directors as at date of this report:
Mr. Cheung Hung (張鴻), Mr. Zhang San Lin (張三林), Mr. Yao Feng (姚鋒), Mr. Chen Zhongwei (陳中瑋)

Independent non-executive Directors as at date of this report:
Mr. Chong Cha Hwa (張家華), Ms. Chan Wai Yan (陳慧殷), Mr. Sham Chi Keung William (岑志強)