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

Third Quarterly Report **2010**

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "EXCHANGE")

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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 Exchange (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 the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 30 JUNE 2010

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 2010 together with the comparative unaudited figures for the corresponding period in 2009 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 2010

		Three months ended 30 June		Nine months ended 30 June	
		2010	2009	**2010**	2009
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	Note	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover	*2*	**16,475**	28,011	**67,202**	140,717
Cost of sales		**(11,736)**	(19,862)	**(35,373)**	(62,789)
Gross profit		**4,739**	8,149	**31,829**	77,928
Other income		**13**	246	**144**	654
Loss on disposal of financial assets at fair value through profit or loss		**(70)**	–	**(249)**	–
Administrative expenses		**(3,116)**	(5,221)	**(10,442)**	(17,673)
Selling and distribution expenses		**(2,317)**	(27,610)	**(23,362)**	(88,123)
Other expenses		**(92)**	(63)	**(351)**	(584)
Loss from operations		**(843)**	(24,499)	**(2,431)**	(27,798)
Finance costs		**(364)**	(862)	**(1,616)**	(2,558)
Loss before tax		**(1,207)**	(25,361)	**(4,047)**	(30,356)
Income tax expenses	*3*	**53**	(80)	**(54)**	(470)
Loss for the period		**(1,154)**	(25,441)	**(4,101)**	(30,826)
Attributable to:					
Owners of the Company		**(1,040)**	(25,176)	**(4,108)**	(31,240)
Non-controlling interests		**(114)**	(265)	**7**	414
		(1,154)	(25,441)	**(4,101)**	(30,826)
Loss per share	*4*				
– Basic		**(0.17) cents**	(4.72) cents	**(0.67) cents**	(5.86) cents
– Diluted		**(0.17) cents**	N/A	**(0.67) cents**	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three months ended 30 June		Nine months ended 30 June	
	2010	2009	**2010**	2009
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Loss for the period	**(1,154)**	(25,441)	**(4,101)**	(30,826)
Other comprehensive income (loss):				
Exchange difference arising on translation of foreign operations	**201**	122	**271**	(411)
Total comprehensive loss for the period	**(953)**	(25,319)	**(3,830)**	(31,237)
Attributable to:				
Owners of the Company	**(888)**	(25,058)	**(3,899)**	(31,648)
Non-controlling interests	**(65)**	(261)	**69**	411
	(953)	(25,319)	**(3,830)**	(31,237)

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 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 GEM of the 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 and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by HKICPA.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRS 1 (Amendments)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC)-INT 17	Distributions of Non-cash Assets to Owners

The Group applies HKRFS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on or after 1 January 2010. The requirements in HKAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for change in ownership interests in subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.

As there was no transaction during the current periods in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable. The application of HKFRS 3 (Revised) and HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Result of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

The application of the other new and revised HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

1. Group Reorganisation and Basis of Preparation *(Continued)*

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKAS 24 (Revised)	Related Party Disclosures[4]
HKAS 32 (Amendment)	Classification of Rights Issues[2]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosure for first-time adopters[3]
HKFRS 9	Financial Instruments[5]
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a minimum funding requirement[4]
HK(IFRIC)-Int 19	Extinguishing financial liabilities with equity instruments[3]

1 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.
2 Effective for annual periods beginning on or after 1 February 2010.
3 Effective for annual periods beginning on or after 1 July 2010.
4 Effective for annual periods beginning on or after 1 January 2011.
5 Effective for annual periods beginning on or after 1 January 2013.

HKFRS 9 "Financial instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognized financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The Directors anticipate that the application of the other new and revised HKFRSs 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.

	Three months ended 30 June		**Nine months ended 30 June**	
	2010 (Unaudited) *HK$'000*	2009 (Unaudited) *HK$'000*	**2010 (Unaudited) *HK$'000***	2009 (Unaudited) *HK$'000*
Manufacturing and sales of consumer cosmetics	**6,793**	14,988	**25,729**	74,807
Manufacturing and sales of health related products	**1,854**	5,963	**16,800**	40,391
Manufacturing and sales of capsules products	**7,532**	6,521	**22,648**	18,663
Manufacturing and sales of health supplement wine	**174**	532	**1,690**	6,296
Manufacturing and sales of dental materials and equipment	**122**	7	**335**	560
	16,475	28,011	**67,202**	140,717

3. Income Tax Expenses

	Three months ended 30 June		Nine months ended 30 June	
	2010 (Unaudited) *HK$'000*	2009 (Unaudited) *HK$'000*	**2010 (Unaudited) *HK$'000***	2009 (Unaudited) *HK$'000*
The amount comprises:				
Hong Kong profits tax	**–**	–	**–**	–
Taxation arising in the PRC	**(53)**	80	**54**	470

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 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 period can be reconciled to the loss before tax per the condensed consolidated income statement as follows:

	Three months ended 30 June		Nine months ended 30 June	
	2010 (Unaudited) *HK$'000*	2009 (Unaudited) *HK$'000*	**2010 (Unaudited) *HK$'000***	2009 (Unaudited) *HK$'000*
Loss before tax	**(1,207)**	(25,361)	**(4,047)**	(30,356)
Tax at respective applicable tax rates	**(262)**	(6,340)	**(825)**	(7,589)
Tax effect of expenses not deducible for tax purposes	**221**	289	**405**	383
Tax effect of income not taxable for tax purposes	**(12)**	(941)	**(43)**	(1,074)
Tax effect of tax losses not recognised	**–**	7,072	**517**	2,379
Reduction of tax to concessionary rate	**–**	–	**–**	6,794
Tax effect of exemption granted to PRC subsidiaries	**–**	–	**–**	(423)
Income tax expenses for the period	**(53)**	80	**54**	470

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

4. Loss Per Share

Basic loss per share

The calculation of basic loss per share for the three months and nine months ended 30 June 2010 are based on the unaudited consolidated loss from ordinary activities attributable to owners of the Company for the periods of approximately HK$1,040,000 and HK$4,108,000 respectively, and on 616,473,000 and 616,473,000 ordinary shares being the weight average number of shares in issue during the period.

The calculation 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 owners 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 period.

Diluted loss per share

For the three months and nine months ended 30 June 2010, basic loss per share is same as diluted loss per share as the effect of share options granted during the period is anti-dilutive.

No diluted loss per share has been presented for the three months and nine months ended 30 June 2009 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 authorized share capital			
As 30 June 2009, 1 October 2009 and 30 June 2010 (unaudited)	2,000,000,000	HK$0.10	200,000
B. Movement of issued share capital			
As 30 June 2009 and 1 October 2009	533,400,000	HK$0.10	53,340
Placing of new shares during the 9 months ended 30 June 2010	234,680,000	HK$0.10	23,468
At 30 June 2010 (unaudited)	768,080,000	HK$0.10	76,808

5. **Share Capital and Reserves** *(Continued)*

C. *Movements of reserves are as follows:*

	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	(Accumulated losses) Retained profits 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 for the period	–	–	–	–	–	–	(31,240)	(31,240)	414	(30,826)
Other comprehensive loss										
Exchange differences arising on translation of foreign operations	–	–	–	–	–	(408)	–	(408)	(3)	(411)
Total comprehensive (loss) income for the period	–	–	–	–	–	(408)	(31,240)	(31,648)	411	(31,237)
Reduction in non-controlling interests on disposal of subsidiary	–	–	–	–	–	–	–	–	(313)	(313)
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
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 for the period	–	–	–	–	–	–	(4,108)	(4,108)	7	(4,101)
Other comprehensive income										
Exchange differences arising on translation of foreign operations	–	–	–	–	–	209	–	209	62	271
Total comprehensive (loss) income for the period	–	–	–	–	–	209	(4,108)	(3,899)	69	(3,830)
Placing of new shares	23,468	34,028	–	–	–	–	–	57,496	–	57,496
Transacting costs attributable to placing of new shares	–	(1,658)	–	–	–	–	–	(1,658)	–	(1,658)
At 30 June 2010 (Unaudited)	76,808	47,849	22,443	15,479	3,098	28,022	(98,796)	94,903	6,283	101,186

Notes:

1. Pursuant to the placing agreements dated 10 February 2010 and 24 March 2010, the Company issued 106,680,000 and 128,000,000 ordinary shares of HK$0.10 each at a price of HK$0.215 per share and HK$0.27 per share to independent third parties for cash respectively. 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 reorganization.

5. **Share Capital and Reserves** *(Continued)*

C. *(Continued)*

Notes: (Continued)

3. Pursuant to the articles of association of certain subsidiaries of the Company in 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 capitalization.

6. **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 the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged during the two periods ended 30 June 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 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.

7. **Capital Commitments**

	30 June	
	2010 (Unaudited) *HK$'000*	2009 (Unaudited) *HK$'000*
Capital expenditure contracted for but not provided in the condensed financial statements in respect of:		
– acquisition of property, plant and equipment	**5,471**	–

8. **Events after the reporting period**

The following events occurred subsequent to 30 June 2010 and up to the date of approval of this report by the Board:

(1) On 6 August 2010, the Company placed 192,000,000 new shares at placing price of HK$0.27 per share under specific mandate pursuant to a placing agreement signed between the Company and a placing agent on 24 March 2010. Listing approval for the placing shares has been obtained and completion is pending on the allotment and issue of the shares.

(2) On 30 July 2010, a wholly-owned subsidiary of the Company (the "Vendor") entered into an agreement with an independent third party (the "Purchaser") in relation to the disposal of the land use right together with the plant (to be constructed on the land) to the Purchaser, at a consideration of RMB12,000,000 (approximately HK$13,761,000) payable to the Vendor and together with other payment undertakings by the Purchaser. Details of the transaction were set out in an announcement of the Company dated 30 July 2010.

DIVIDENDS

The Board does not recommend the payment of an interim dividend for the three months ended 30 June 2010 (2009: Nil).

SHARE OPTION SCHEME

During the three months ended 30 June 2010, 50,000,000 share options were granted under the share option scheme approved on 26 May 2004, details of which were set out in the announcement of the Company dated 9 April 2010. No share options were exercised, expired or lapsed during the period.

BUSINESS REVIEW AND OUTLOOK

Business Review

During the period under review, facing the intensified competition of the consumer product business, the Group offered ever more preferential terms in order to keep the distributors and agents. At the same time, the policy of streamlining inefficient direct sales networks in Shanghai was persistently carried out. The selling price and sales volume dropped by 25.53% and 23.32% respectively as compared with that of the corresponding period last year; and the turnover decreased by 41.2% when compared with that of the corresponding period last year.

Turnover

For the nine months and three months ended 30 June 2010, the Group recorded sales of approximately HK$67,202,000 and HK$16,475,000 respectively, whereas sales of approximately HK$140,717,000 and HK$28,011,000 were recorded respectively for the corresponding periods ended 30 June 2009. This represents a decrease of approximately HK$73,515,000 and HK$11,536,000 or approximately 52.2% and 41.2% respectively. The significant decrease in sales was mainly due to the Group's adherence to agent-based sales and wholesalership and persistently streamlining inefficient sales networks.

Gross Profit

For the nine months and three months ended 30 June 2010, the Group recorded a gross profit of approximately HK$31,829,000 and approximately HK$4,739,000 respectively, whereas a gross profit of approximately HK$77,928,000 and HK$8,149,000 were recorded respectively for the corresponding periods ended 30 June 2009. This represents a decrease of approximately HK$46,099,000 and HK$3,410,000 or approximately 59.2% and 41.8% respectively. For the nine months ended 30 June 2010, the gross margin percentage was approximately 47.4%, a decrease of 8 percentage points as compared to 55.4% for the nine months ended 30 June 2009. The decrease in gross margin was mainly caused by price cut for keeping wholesalers in response to severe competition from other companies.

Administrative Expenses

For the nine months and three months ended 30 June 2010, administrative expenses were approximately HK$10,442,000 and HK$3,116,000 respectively, a decrease of about HK$7,231,000 and HK$2,105,000, or approximately 40.9% and 40.3%, as compared to approximately HK$17,673,000 and HK$5,221,000 over the corresponding periods ended 30 June 2009. The decrease in administrative expenses was due to the Group's substantial curtailment in head counts.

Selling and Distribution Expenses

For the nine months and three months ended 30 June 2010, selling and distribution expenses were approximately HK$23,362,000 and HK$2,317,000 respectively. This represents a decrease of approximately HK$64,761,000 and HK$25,293,000, or approximately 73.5% and 91.6%, as compared to HK$88,123,000 and HK$27,610,000 over the corresponding periods ended 30 June 2009. The sharp cut in selling and distribution expenses was a result of the Group's change for agent-based sales and wholesalership, under which lesser costs had been incurred, and its persistently streamlining inefficient direct sales networks in Shanghai.

Loss

For the nine months and three months ended 30 June 2010, the Group recorded a loss of approximately HK$4,101,000 and HK$1,154,000 respectively. This represents a decrease of approximately HK26,725,000 and HK$24,287,000, as compared to the loss of approximately HK$30,826,000 and HK$25,441,000 over the corresponding periods ended 30 June 2010. The Group was no longer required to bear substantial expenses in staffing and sales networks.

FUTURE OUTLOOK

The Group will persistently carry out the policy of conversion of business model and streamlining inefficient direct sales networks in Shanghai, as such the turnover, inventory level and the number of direct and indirect employees will decrease. As a result of business contraction, the asset usage rate will substantially drop as well.

As the PRC government is carrying out national idle land checking measures, the Group is actively disposing of under-utilised non-core assets. On 30 July 2010, a subsidiary of the Company entered into an agreement to dispose of a parcel of land located at Longlife Road of Weitang Town, Xiangcheng District of Suzhou, the PRC for a consideration of RMB12,000,000 (approximately HK$13,761,000) together with some other payment undertakings.

In a bid to diversify from the existing business sector, which is experiencing severe competition, the Group has embarked on listed securities investment with its internal resources as a new line of business. It is hoped that the new attempt can capitalize on the recovering economy and booming stock market and increase the return to the Company and its shareholders as a whole.

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

As at 30 June 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 (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 Directors or chief executive is taken or deemed to have under such provision of the SFO) or which are required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which are required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Exchange, were as follows:

Long position in shares of the Company

Name of director	Capacity	Number of ordinary shares	% of shares in issue
Cheung Hung	Beneficial owner and family interests	8,500,000	1.11%
Zhang San Lin	Beneficial owner	9,850,000	1.28%

Long position in underlying shares of the Company

Name of director	Date of grant	Exercisable period	Subscription price per share	Aggregate long positions in underlying shares of the Company	Approximate percentage interest in the Company's issued share capital
Cheung Hung	9 April 2010	9 April 2010 to 8 April 2020	HK$0.355	5,000,000	0.65%

Save as disclosed above, none of the Directors nor the chief executive of the Company had, as at 30 June 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 to be entered in the register maintained by the Company pursuant to Section 352 of the SFO, or which are required pursuant to Rules 5.46 to 5.67 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 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 persons 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 position in shares and underlying shares of the Company

Name of shareholder	Capacity	Number of ordinary shares	Number of underlying shares held under equity derivatives	Total	% of shares in issue
Capital VC Limited (Formerly known as Sino Katalytics Investment Corporation)	Beneficial owner/through controlled corporation	70,370,000	500,000	70,870,000	9.23%

Note: 21,995,000 of these shares were held by CNI Capital Limited, a company wholly-owned by Capital VC Limited.

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 30 June 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 three months ended 30 June 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.

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 provisions 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 existing shareholders.

AUDIT COMMITTEE

The Company has 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 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 three months ended 30 June 2010.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the three months ended 30 June 2010, 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
Cheung Hung
Chairman

Hong Kong, 12 August 2010

As at the date of this report, the executive directors of the Company are Mr. CHEUNG Hung (Chairman), Mr. ZHANG San Lin, Mr. CHEN Zhongwei, Mr. TIAN Zhen Yong and Mr. WANG Zhi Xin; and the independent non-executive directors of the Company are Mr. CHONG Cha Hwa, Ms. CHAN Wai Yan and Mr. SHAM Chi Keung William.