



**LOONGLIFE GROUP HOLDINGS LIMITED**

**朗力福集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 08037)

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 31 MARCH 2012**

**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 announcement 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 announcement 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 announcement misleading.*

## **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 2012 together with the comparative unaudited figures for the corresponding periods ended 31 March 2012, 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

	Notes	Three months ended 31 March		Six months ended 31 March	
		2012	2011	2012	2011
		(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Turnover	3	<b>18,581</b>	26,366	<b>59,707</b>	44,702
Cost of sales		<b>(16,935)</b>	(10,473)	<b>(33,883)</b>	(20,536)
Gross profit		<b>1,646</b>	15,893	<b>25,824</b>	24,166
Other income		<b>193</b>	606	<b>336</b>	662
Administrative expenses		<b>(7,392)</b>	(5,362)	<b>(10,949)</b>	(8,755)
Selling and distribution expenses		<b>(8,431)</b>	(6,937)	<b>(13,450)</b>	(12,670)
Other expenses		<b>(138)</b>	(257)	<b>(174)</b>	(288)
Finance costs	4	<b>(751)</b>	(2,256)	<b>(2,513)</b>	(2,629)
Profit/(Loss) before tax	5	<b>(14,873)</b>	1,687	<b>(926)</b>	486
Income tax expense	6	<b>(18)</b>	(1,207)	<b>(63)</b>	(1,236)
Profit/(Loss) for the period		<b>(14,891)</b>	480	<b>(989)</b>	(750)
Other comprehensive income:					
Exchange difference arising on translation of foreign operations		<b>48</b>	541	<b>215</b>	981
Total comprehensive income for the period		<b>(14,843)</b>	1,021	<b>(774)</b>	231
Profit/(Loss) attributable to:					
Equity holders of the Company		<b>(14,723)</b>	586	<b>(379)</b>	(649)
Non-controlling interests		<b>(168)</b>	(106)	<b>(610)</b>	(101)
		<b>(14,891)</b>	480	<b>(989)</b>	(750)

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Three months ended		Six months ended	
		31 March		31 March	
		2012	2011	2012	2011
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total comprehensive income					
attributable to :					
Equity holders of the Company		<b>(14,675)</b>	1,074	<b>(178)</b>	209
Non-controlling interests		<b>(168)</b>	(53)	<b>(596)</b>	22
		<b>(14,843)</b>	1,021	<b>(774)</b>	231
<hr/>					
Dividend	7	–	–	–	–
<hr/>					
Earnings/(Loss) per share (HK cents)	8				
– Basic		<b>(1.53)</b>	0.06	<b>(0.04)</b>	(0.07)
<hr/>					
– Diluted		<b>N/A</b>	N/A	<b>N/A</b>	N/A
<hr/>					

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 31 March 2012 (Unaudited) HK\$'000	At 30 September 2011 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Goodwill		–	–
Property, plant and equipment		27,964	28,986
Prepaid lease payments		7,608	7,014
		<b>35,572</b>	36,000
CURRENT ASSETS			
Prepaid lease payments		794	178
Financial assets at fair value through profit or loss		79,004	38,798
Inventories		29,260	46,435
Trade and bills receivables	9	25,736	19,199
Prepayments and other receivables		18,972	30,154
Tax recoverable		110	–
Bank balances and cash		19,096	25,065
		<b>172,972</b>	159,829
CURRENT LIABILITIES			
Trade and bills payables	10	14,526	22,699
Other payables and accruals	11	71,265	52,358
Bank and other borrowings		22,341	22,210
Amount due to a non-controlling shareholder	12	619	774
Tax payable		–	59
		<b>108,751</b>	98,100

		At 31 March 2012 (Unaudited) HK\$'000	At 30 September 2011 (Audited) HK\$'000
	<i>Notes</i>		
NET CURRENT ASSETS		<b>64,221</b>	61,729
NET ASSETS		<b>99,793</b>	97,729
CAPITAL AND RESERVES			
Share capital	13	<b>96,008</b>	96,008
Reserves		<b>1,976</b>	(684)
Equity attributable to equity holders of the Company		<b>97,984</b>	95,324
Non-controlling interests		<b>1,809</b>	2,405
TOTAL EQUITY		<b>99,793</b>	97,729

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 March 2012

	Attributable to equity holders of the Company									
	Share capital	Share premium	Share option reserve	Special reserve	Statutory surplus reserve fund	Statutory enterprise expansion fund	Exchange reserve	Accumulated losses	Total	Non-controlling interests
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Note 1)	HK\$'000 (Note 2)	HK\$'000 (Note 3)	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 October 2010 (Audited)	96,008	79,168	8,574	22,443	15,479	3,098	28,376	(111,153)	141,993	4,724
Loss for the period	-	-	-	-	-	-	-	(649)	(649)	(101)
Other comprehensive income										
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	858	-	858	123
Total comprehensive income for the period	-	-	-	-	-	-	858	(649)	209	22
At 31 March 2011 (Unaudited)	96,008	79,168	8,574	22,443	15,479	3,098	29,234	(111,802)	142,202	4,746
At 1 October 2011 (Audited)	96,008	79,168	8,574	22,443	15,479	3,098	25,262	(154,708)	95,324	2,405
Loss for the period	-	-	-	-	-	-	-	(379)	(379)	(610)
Other comprehensive income										
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	201	-	201	14
Total comprehensive income for the period	-	-	-	-	-	-	201	(379)	(178)	(596)
Share option scheme:										
- value of service	-	-	2,838	-	-	-	-	-	2,838	-
At 31 March 2012 (Unaudited)	96,008	79,168	11,412	22,443	15,479	3,098	25,463	(155,087)	97,984	1,809

*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 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 subsidiaries in the PRC 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.



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 31 March	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	5,221	(13,039)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(1,742)	(2,719)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	(9,663)	3,377
DECREASE IN CASH AND CASH EQUIVALENTS	(6,184)	(12,381)
Cash and cash equivalents at beginning of period	25,065	88,443
Effect of foreign exchange rate changes	215	858
CASH AND CASH EQUIVALENTS AT END OF PERIOD	19,096	76,920

Notes:

## 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

### *Basis of preparation*

The condensed interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The principal accounting policies adopted in the interim financial statements are consistent with those set out in the annual financial statements for the year ended 30 September 2011. The financial statements are unaudited but have been reviewed by the Company’s audit committee.

### *Adoption of new and revised Hong Kong Financial Reporting Standard (HKFRSs)*

The following new standards and amendments to standards are adopted by the Group for the current financial period:

HKAS 24 (revised), “Related party disclosures”, issued in November 2009, is mandatory for periods beginning on or after 1 January 2011. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The amendment does not have any financial impact on the Group.

Amendment to HKAS 34 “Interim financial reporting”, issued in May 2010 is effective for annual periods beginning on or after 1 January 2011. It emphasises the existing disclosure principles in HKAS 34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The change in accounting policy only results in additional disclosures.

HKFRS 7 (Amendment) ‘Disclosures – Transfers of financial assets’ introduces new disclosure requirement on transfers of financial assets. Disclosure is required by class of asset of the nature, carrying amount and a description of the risks and rewards of financial assets that have been transferred to another party yet remain on the entity’s consolidated statement of financial position. The gain or loss on the transferred assets and any retained interest in those assets must be given. In addition, other disclosures must enable users to understand the amount of any associated liabilities, and the relationship between the financial assets and associated liabilities. The disclosures must be presented by type of ongoing involvement. For example, the retained exposure could be presented by type of financial instrument (such as guarantees, call or put options), or by type of transfer (such as factoring of receivables, securitisations or securities lending). The amendment only results in additional disclosures.

The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 October 2011 and have not been early adopted:

- i) HKFRS 9, 'Financial Instruments' which will be effective on 1 January 2013 but is proposed to be postponed to 1 January 2015. The first part of HKFRS 9 was issued in November 2009 and will replace those parts of HKAS 39 relating to the classification and measurement of financial assets. In November 2010, a further pronouncement was published to address financial liabilities and derecognition. Key features are as follows:

*Classification and Measurement*

Financial assets are required to be classified into one of the following measurement categories:

(1) those to be measured subsequently at fair value or (2) those to be measured subsequently at amortised cost. Classification is to be made on transition, and subsequently on initial recognition.

The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

A financial instrument is subsequently measured at amortised cost only if it is a debt instrument, and the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and the asset's contractual cash flows represent only unleveraged payments of principal and interest. All other debt instruments are to be measured at fair value through profit or loss.

All equity instruments are to be measured subsequently at fair value. Equity instrument that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than consolidated statement of comprehensive income. Once elected to be recognised through other comprehensive income, there will be no reclassification of fair value gains and losses to consolidated statement of comprehensive income. Dividends are to be presented in consolidated statement of comprehensive income as long as they represent a return on investment.

*Financial Liabilities and Derecognition*

Except for the two substantial changes described below, the classification and measurement requirements of financial liabilities have been basically carried forward with little amendments from HKAS 39. For the derecognition principles, they are consistent with that of HKAS 39.

The requirements related to the fair value option for financial liabilities were changed to address own credit risk. It requires the amount of change in fair value attributable to changes in the credit risk of the liability be presented in other comprehensive income. The remaining amount of the total gain or loss is included in consolidated statement of comprehensive income. If this requirement creates or enlarges an accounting mismatch in profit or loss, then the whole fair value change is presented in consolidated statement of comprehensive income. The determination of whether there will be a mismatch will need to be made at initial recognition of individual liabilities and will not be re-assessed. Amounts presented in other comprehensive income are not subsequently reclassified to consolidated statement of comprehensive income but may be transferred within equity.

The standard eliminates the exception from fair value measurement contained in HKAS 39 for derivative liabilities that are linked to and must be settled by delivery of an unquoted equity instrument.

- ii) HKFRS 10 “Consolidated financial statements” is effective for annual periods beginning on or after 1 January 2013. It replaces all of the guidance on control and consolidation in HKAS 27, “Consolidated and separate financial statements”, and HK(SIC)-12, “Consolidation – special purpose entities”. HKAS 27 is renamed ‘Separate financial statements’, and it continues to be a standard dealing solely with separate financial statements. The existing guidance for separate financial statements is unchanged.

The revised definition of control under HKFRS 10 focuses on the need to have both power and variable returns before control is present. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. The determination of power is based on current facts and circumstances and is continuously assessed. The fact that control is intended to be temporary does not obviate the requirement to consolidate any investee under the control of the investor. Voting rights or contractual rights may be evidence of power, or a combination of the two may give an investor power. Power does not have to be exercised. HKFRS 10 includes guidance on ‘de facto’ control, participating and protective rights and agent/principal relationships.

- iii) HKFRS 13 “Fair value measurements” is effective for annual periods beginning on or after 1 January 2013. It explains how to measure fair value and aims to enhance fair value disclosures. It does not say when to measure fair value or require additional fair value measurements. It does not apply to transactions within the scope of HKFRS 2, “Share-based payment”, or HKFRS 17, “Leases”, or to certain other measurements that are required by other standards and are similar to, but are not, fair value (for example, value in use in HKAS 36, ‘Impairment of assets’).

The Group is in the process of making an assessment of what the impacts of the above new standards are expected to be in their respective period of initial application.

## 2. SEGMENT INFORMATION

The Group engaged in the manufacture, research and development and distribution of consumer cosmetic, health related products, capsules products, health supplement wine, dental materials and equipment in the PRC and trading of securities in Hong Kong.

### Condensed consolidated income statement (Unaudited)

For the six months ended 31 March 2012

	Manufacturing and sales of consumer cosmetics HK\$'000	Manufacturing and sales of health related products HK\$'000	Manufacturing and sales of capsules products HK\$'000	Manufacturing and sales of health supplement wine HK\$'000	Manufacturing and sales of dental materials and equipment HK\$'000	Trading of financial asset at fair value through profit or loss HK\$'000	Consolidated HK\$'000
Turnover	20,787	12,231	8,818	905	1,741	15,225	59,707
Segment results	(3,707)	(2,979)	(1,273)	(141)	63	15,026	6,989
Other income							336
Unallocated corporate expenses							(5,738)
Finance costs							(2,513)
Income tax expense							(63)
Loss for the period							(989)

For the six months ended 31 March 2011

	Manufacturing and sales of consumer cosmetics HK\$'000	Manufacturing and sales of health related products HK\$'000	Manufacturing and sales of capsules products HK\$'000	Manufacturing and sales of health supplement wine HK\$'000	Manufacturing and sales of dental materials and equipment HK\$'000	Trading of financial asset at fair value through profit or loss HK\$'000	Consolidated HK\$'000
Turnover	18,488	12,054	10,166	520	350	3,124	44,702
Segment results	355	82	260	4	(38)	3,123	3,786
Other income							662
Unallocated corporate expenses							(1,333)
Finance costs							(2,629)
Income tax expense							(1,236)
Loss for the period							(750)

# Condensed consolidated statement of financial position (Unaudited)

As at 31 March 2012

	Manufacturing and sales of consumer cosmetics HK\$'000	Manufacturing and sales of health related products HK\$'000	Manufacturing and sales of capsules products HK\$'000	Manufacturing and sales of health supplement wine HK\$'000	Manufacturing and sales of dental materials and equipment HK\$'000	Trading of financial assets at fair value through profit or loss HK\$'000	Consolidated HK\$'000
Assets							
Segment assets	49,476	29,976	30,795	2,207	1,093	84,093	197,640
Unallocated corporate assets							10,904
Total assets							208,544
Liabilities							
Segment liabilities	47,982	29,141	14,464	2,106	434	9,794	103,921
Unallocated corporate liabilities							4,830
Total liabilities							108,751

# Condensed consolidated statement of financial position (Audited)

As at 30 September 2011

	Manufacturing and sales of consumer cosmetics HK\$'000	Manufacturing and sales of health related products HK\$'000	Manufacturing and sales of capsules products HK\$'000	Manufacturing and sales of health supplement wine HK\$'000	Manufacturing and sales of dental materials and equipment HK\$'000	Trading of financial assets at fair value through profit or loss HK\$'000	Consolidated HK\$'000
Assets							
Segment assets	43,143	36,156	29,869	1,666	1,152	50,703	162,689
Unallocated corporate assets							33,140
Total assets							195,829
Liabilities							
Segment liabilities	45,468	29,876	11,237	1,402	790	–	88,773
Unallocated corporate liabilities							9,327
Total liabilities							98,100

### Other information (Unaudited)

For the six months ended 31 March 2012

	Manufacturing and sales of consumer cosmetics HK\$'000	Manufacturing and sales of health related products HK\$'000	Manufacturing and sales of capsules products HK\$'000	Manufacturing and sales of health supplement wine HK\$'000	Manufacturing and sales of dental materials and equipment HK\$'000	Unallocated corporate HK\$'000	Consolidated HK\$'000
Capital expenditures	192	122	37	9	–	–	360
Depreciation of property, plant and equipment	459	239	668	18	25	145	1,554

For the six months ended 31 March 2011

	Manufacturing and sales of consumer cosmetics HK\$'000	Manufacturing and sales of health related products HK\$'000	Manufacturing and sales of capsules products HK\$'000	Manufacturing and sales of health supplement wine HK\$'000	Manufacturing and sales of dental materials and equipment HK\$'000	Unallocated corporate HK\$'000	Consolidated HK\$'000
Capital expenditures	41	30	56	1	–	1,223	1,351
Depreciation of property, plant and equipment	575	262	770	11	47	9	1,674

### 3. TURNOVER

Turnover represents the amounts received and receivable from sales of goods less sales tax and discounts, if any, and income from trading of financial assets at fair value through profit or loss during the period.

### 4. FINANCE COSTS

	Three months ended 31 March		Six months ended 31 March	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Interest on:				
Bank borrowings wholly repayable within five years	720	809	1,165	1,182
Other borrowings wholly repayable within five years	31	1,408	1,270	1,408
Discounted bills interest	–	39	78	39
	751	2,256	2,513	2,629

## 5. PROFIT/(LOSS) BEFORE TAX

	Three months ended 31 March		Six months ended 31 March	
	2012	2011	2012	2011
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit/(Loss) before tax has been arrived at after charging:				
Cost of inventories recognised as an expense	16,935	10,473	33,883	20,536
Depreciation of property, plant and equipment	643	777	1,554	1,674

## 6. INCOME TAX EXPENSE

	Three months ended 31 March		Six months ended 31 March	
	2012	2011	2012	2011
	(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	18	1,207	63	1,236
	18	1,207	63	1,236

The Company and its subsidiaries have no assessable profits arising in Hong Kong for the six months ended 31 March 2012 and 2011.

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.

## 7. DIVIDEND

No dividend was paid or proposed during the six months ended 31 March 2012 nor has any dividend been proposed since the end of the reporting period (2011: nil).



## 8. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share attributable to the equity holders of the Company is based on the following data:

	Three months ended 31 March		Six months ended 31 March	
	2012	2011	2012	2011
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Earnings/(Loss)</b>				
Profit/(Loss) for the period attributable to equity holders of the Company	<b>(14,723)</b>	586	<b>(379)</b>	(649)
	Three months ended 31 March		Six months ended 31 March	
	2012	2011	2012	2011
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	'000	'000	'000	'000
<b>Number of shares</b>				
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	<b>960,080</b>	960,080	<b>960,080</b>	960,080

### *Diluted loss per share*

No diluted loss per share have been presented for the three months and six months ended 31 March 2012 and 2011 as there was no dilutive potential ordinary share for these periods.

## 9. TRADE AND BILLS RECEIVABLES

	31 March 2012 (Unaudited) HK\$'000	30 September 2011 (Audited) HK\$'000
Trade and bills receivables	<b>55,296</b>	48,585
Less: Allowance for bad and doubtful debts	<b>(29,560)</b>	(29,386)
	<b>25,736</b>	19,199

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

	<b>31 March 2012 (Unaudited) HK\$'000</b>	30 September 2011 (Audited) HK\$'000
0 – 90 days	<b>17,305</b>	11,045
91 – 180 days	<b>8,431</b>	3,391
181 – 365 days	–	4,753
Over 365 days	–	10
	<b>25,736</b>	19,199

Ageing analysis of trade receivables past due but not impaired:

	<b>31 March 2012 (Unaudited) HK\$'000</b>	30 September 2011 (Audited) HK\$'000
91 – 180 days	<b>8,431</b>	3,391
181 – 365 days	–	4,753
Over 365 days	–	10
	<b>8,431</b>	8,154

#### 10. TRADE AND BILLS PAYABLES

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

	<b>31 March 2012 (Unaudited) HK\$'000</b>	30 September 2011 (Audited) HK\$'000
0 – 90 days	<b>5,511</b>	12,151
91 – 180 days	<b>1,947</b>	745
181 – 365 days	<b>3,601</b>	472
Over 365 days	<b>3,467</b>	9,331
	<b>14,526</b>	22,699

# 11. OTHER PAYABLES AND ACCRUALS

		31 March 2012 (Unaudited) HK\$'000	30 September 2011 (Audited) HK\$'000
	Notes		
Salary and wages payable		1,509	1,920
Receipt in advance		9,220	6,417
Accruals and others		12,398	9,320
Margin payable for investment in financial assets		9,794	–
Provision for value-added tax, business tax and other government duties		14,839	13,710
Amount due to an ex-director, Mr. Yang Honggen	(a)	16,707	16,508
Advance from independent third parties	(b)	6,798	4,483
		<b>71,265</b>	<b>52,358</b>

(a) The amount is unsecured, bearing interest at 6.903% per annum (30 September 2011: 6.903% per annum) and has no fixed term of repayment.

(b) The advances were made by virtue of the relation with Mr. Yang Honggen, for general working capital of the Company.

# 12. AMOUNT DUE TO A NON-CONTROLLING SHAREHOLDER

The amount is unsecured, interest-free and repayable on demand.

# 13. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
<b>Authorized:</b>		
Ordinary shares of HK\$0.10 each		
At beginning and end of period	2,000,000	200,000
<b>Issued and fully paid:</b>		
Ordinary shares of HK\$0.10 each		
At beginning and end of period	960,080	96,008

#### 14. 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:

	<b>31 March 2012 (Unaudited) HK\$'000</b>	30 September 2011 (Audited) HK\$'000
Within one year	<b>1,595</b>	1,538
In the second to fifth year inclusive	<b>641</b>	1,054
	<b>2,236</b>	2,592

Leases are negotiated and rentals are fixed for terms of 1 year to 3 years (30 September 2011: 1 year to 3 years).

#### 15. PLEDGE OF ASSETS

At the end of the reporting period, the following assets were pledged by the Group to secure banking facilities:

	<b>31 March 2012 (Unaudited) HK\$'000</b>	30 September 2011 (Audited) HK\$'000
Property, plant and equipment	<b>14,714</b>	14,627
Prepaid lease payments	<b>7,099</b>	7,058
Financial assets	<b>79,004</b>	38,798
Cash held in margin accounts with stock brokers included in "Prepayments and other receivables"	<b>5,000</b>	11,906
	<b>105,817</b>	72,389

#### 16. RELATED PARTY AND CONNECTED TRANSACTIONS

(a) *Outstanding balances with related parties*

- (i) As at 31 March 2012, a secured bank borrowing amounting to approximately HK\$12,337,000 (30 September 2011: HK\$12,264,000) was guaranteed by the Chief Executive Officer and an ex-director of the Company, Mr. Yang Shunfeng.
- (ii) As at 31 March 2012, unsecured other borrowing amounting to approximately HK\$6,982,000 (30 September 2011: HK\$6,941,000) was borrowed from a non-controlling shareholder bearing interest at 9.01% p.a.

(b) *Transactions with related parties*

Details of the transactions with related parties during the period:

On 15 November 2010, the Company and Capital VC Limited have jointly entered into a tenancy agreement for the lease of office premises. Under the agreement, the Company shared 50% of the rent on a cost basis.

The Company confirms that the joint tenancy agreement as disclosed above falls under the definition of continuing connected transactions in Chapter 20 of the GEM Listing Rules and that it should be exempted from reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

*Note:* Capital VC Limited is substantial shareholder of the Company.

(c) *Compensation of key management personnel*

The remuneration of Directors and other members of key management during the period was as follows:

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>31 March</b>		<b>31 March</b>	
	<b>2012</b>	2011	<b>2012</b>	2011
	<b>(Unaudited)</b>	(Unaudited)	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
Short-term benefits	<b>480</b>	769	<b>944</b>	1,549

The remuneration of Directors and key executives is determined by the Remuneration Committee with regard to the individual performance and market trends.

**17. CONTINGENT LIABILITIES**

The Company and Capital VC Limited have jointly entered into a tenancy agreement for the lease of office premises for a term of three years from 5 July 2010 to 4 July 2013. As at 31 March 2012, the maximum rental liabilities of the Company due to default of rental payment of Capital VC Limited would be approximately HK\$1,757,000 (30 September 2011: HK\$2,460,000).

**18. SUBSEQUENT EVENT**

In April 2012, the manufacturing and production licence of Zhejiang Xinda Zhongshan Capsules Company Limited, an indirectly owned subsidiary of the Company, was revoked by the relevant authorities in the PRC (the "Event"). PRC lawyers have been engaged to conduct independent and impartial investigation on the Event, prepare relevant legal advice to ascertain and assess the potential legal consequences and liabilities, if any, on the Company and exercise possible relevant legal rights of the Company. Other relevant professionals have been engaged to assess the impact of the Event on the business operation and financial position of the Company. Please refer to an announcement of the Company dated 9 May 2012 for more details.

## **BUSINESS REVIEW**

During the period under review, the PRC was still facing high inflationary pressure. The turnover of the Group's consumer products business slightly improved, compared to the same period in last year, which was due to the increase in the Group's investment in both new products development and new sales channels expansion after the completion of the business model transformation.

Regarding the Group's business of financial assets investment, which benefited from the recovery of global investment market, the result from trading of financial assets at fair value through profit or loss greatly improved in the current period as compared to the performance in the corresponding period of last year.

### **Revenue**

For the six months ended 31 March 2012 ("Period 2012"), the Group recorded an unaudited turnover of approximately HK\$59,707,000. As compared to the turnover of approximately HK\$44,702,000 for the six months ended 31 March 2011 ("Period 2011"), the Group's turnover increased by 33.6%. Excluding the profit of trading of financial asset at fair value through profit or loss of approximately HK\$15,225,000 (Period 2011: approximately HK\$3,124,000), the Group's turnover in relation to the PRC operations increased by 7%, from approximately HK\$41,578,000 for Period 2011 to approximately HK\$44,482,000 for Period 2012. The increase in sales for the Group's PRC operations was resulted from new products launched in the market and the increase in the distribution channels.

The performance of the Group's financial assets investments improved in the current period and changed from profit of approximately HK\$3,124,000 in period to profit of approximately HK\$15,225,000 in Period 2012.

### **Gross profit**

The gross profit increased from approximately HK\$24,166,000 for Period 2011 to approximately HK\$25,824,000 for Period 2012. Excluding the profit of trading of financial asset at fair value through profit or loss of approximately HK\$15,225,000 (Period 2011: approximately HK\$3,124,000), the Group's gross profit in relation to the PRC operations decreased by 49.6% from approximately HK\$21,042,000 for Period 2011 to approximately HK\$10,599,000 for Period 2012. As resulted from the impact of fierce competition with other manufacturers and the rise of operating costs due to inflation, the extent of decrease in gross profit of the Group's PRC operations was significantly higher than that of turnover.

The profit of the Group's financial assets investment of approximately HK\$15,225,000 directly contributed to the Group's gross profit, resulting in the overall gross profit of approximately HK\$25,824,000 for Period 2012. Similarly, the overall gross profit of approximately HK\$24,166,000 for the six months ended 31 March 2011 represented the gross profit of consumer business of approximately HK\$21,042,000 and the trading profit of financial assets of approximately HK\$3,124,000.

**Results for the period**

Although performance of the Group's PRC operations was unsatisfactory and the gross profit in relation to the PRC operations for Period 2012 decreased by HK\$10,443,000 as compared to Period 2011, the Group's overall financial performance only slightly affected. The loss for the period changed from approximately HK\$750,000 for Period 2011 to approximately HK\$989,000 for Period 2012. Only insignificant change in the Group's overall financial performance was principally attributable to the profit from trading of financial assets at fair value through profit or loss of approximately HK\$15,225,000 (Period 2011: approximately HK\$3,124,000).

**LIQUIDITY AND FINANCIAL RESOURCES**

The Group adopts a prudent policy for its financial resources management. The Group had cash and cash equivalents of approximately HK\$19,096,000 as at 31 March 2012 (30 September 2011: approximately HK\$25,065,000). Included in prepayments and other receivables was cash held in securities accounts of approximately HK\$5,000,000 (30 September 2011: approximately HK\$11,906,000).

The Group generally finances its operations with internally generated cash flows and banking facilities. As at 31 March 2012, the Group had bank and other borrowings of approximately HK\$22,341,000 (30 September 2011: approximately HK\$22,210,000). The interest 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 financial statements.

The gearing ratio (defined as total borrowings (including amount due to a non-controlling shareholder) to total assets) of the Group as at 31 March 2012 and 30 September 2011 were approximately 11.0% and approximately 11.7% respectively.

**SIGNIFICANT INVESTMENT**

Save as disclosed in this announcement, the Company does not have any significant investment during the six months ended 31 March 2012.

**DIVIDEND**

The Board does not recommend the payment of an interim dividend for the six months ended 31 March 2012 (2011: nil).

## CURRENCY AND INTEREST RATE STRUCTURE

The Group had limited exposure to foreign exchange rate and interest rate fluctuation as most of its transactions, including borrowings, were mainly conducted in RMB and the exchange rates and interest rates of RMB were relatively stable throughout the six months ended 31 March 2012.

## CONTINGENT LIABILITIES

The Company and Capital VC Limited have jointly entered into a tenancy agreement for the lease of office premises for a term of three years from 5 July 2010 to 4 July 2013. As at 31 March 2012, the maximum rental liabilities of the Company due to default of rental payment of Capital VC Limited would be HK\$1,757,000.

## FUTURE OUTLOOK

Continuing to deepen the implementation of the business model of “asset minimization, focus on operation and full services” is still the primary objective of the Group regarding its consumer products business.

In connection with the Group’s financial asset investments, as the US Federal Open Market Committee anticipating that interest rates would remain low through at least late 2014, and the Chinese Government may be less hawkish to further tighten the current macro policy in the near term, the Directors are optimistic to the worldwide investment market but will adopt cautious measures in handling the Group’s financial assets investments.

The Directors believe the above measures will contribute to realize the Group’s objective to maintain its profitability and enhance shareholders’ value for the long run.

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

As at 31 March 2012, 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	Capacity	Number of ordinary shares	% to total issued share capital of the Company
<b>Director</b>			
Cheung Hung	Beneficial owner and family interest	8,500,000	0.89%
<b>Chief executive</b>			
Yang Shunfeng	Beneficial owner	250,000	0.03%



**Long positions in underlying shares of the Company**  
**Share options granted**

<b>Name of director</b>	<b>Date of grant</b>	<b>Exercisable period</b>	<b>Subscription price per share</b>	<b>Aggregate long positions in underlying shares of the Company</b>	<b>Approximate percentage interest in the Company's issued share capital</b>
Cheung Hung	9 April 2010	9 April 2010 to 8 April 2020	HK\$0.355	5,000,000	0.52%
Wang Zhixin	9 April 2010	9 April 2010 to 8 April 2020	HK\$0.355	5,000,000	0.52%

Save as disclosed above, none of the Directors nor the chief executives of the Company had, as at 31 March 2012, 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 2012, 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 announcement, 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 shares and underlying shares of the Company

Name of shareholder	Capacity	Number of ordinary shares	Number of underlying shares under equity derivatives	Total	% of shares in issue
Capital VC Limited (Note 1)	Beneficial owner/through controlled corporation	88,910,000	500,000	89,410,000	9.31%
Avant Capital Management (HK) Limited	Beneficial owner	60,220,000	–	–	6.27%
See Ching Chuen (Note 2)	Beneficial owner/through controlled corporation	58,550,000	–	–	6.10%

### Notes:

1. 68,520,000 of these shares were held by CNI Capital Limited, a company controlled by Capital VC Limited.
2. 48,550,000 of these shares were held by CITIC Capital Group Limited, a company controlled by See Ching Chuen.

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 2012.

## 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 2012 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

On 26 May 2004, the Company approved and adopted a share option scheme (the “Scheme”) for the purpose of enabling the Group to grant share options to selected participants as incentives or rewards for their contribution to the Group.

Particulars of the movement of the options held by each of the Directors, substantial shareholder, the employees of the Company and its affiliates (other than the Directors and substantial shareholder) and other participants in aggregate granted under the Scheme during the six months ended 31 March 2012 were as follows:

		Option number						
	Held at	Granted	Exercised	Cancelled	Lapsed	Held at	Exercise	Exercise
	1.10.2011	during the	during the	during the	during the	31.3.2012	price	period
		Period	Period	Period	Period		(HK\$)	
<b>Date of grant: 9 September 2010</b>								
Directors								
– Cheung Hung	5,000,000	–	–	–	–	5,000,000	0.355	9.4.2010 to 8.4.2020
– Wang Zhixin	5,000,000	–	–	–	–	5,000,000	0.355	9.4.2010 to 8.4.2020
Substantial shareholder								
– Capital VC Limited	500,000	–	–	–	–	500,000	0.355	9.4.2010 to 8.4.2020
Employees and service providers (in aggregate)	39,500,000	–	–	–	–	39,500,000	0.355	9.4.2010 to 8.4.2020
<b>Date of grant: 22 March 2012</b>								
Employees and service providers (in aggregate)	70,000,000	–	–	–	–	70,000,000	0.200	22.3.2012 to 21.3.2015
	120,000,000	–	–	–	–	120,000,000		

## **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 2012.

## **EMPLOYEES' REMUNERATION**

As at 31 March 2012, the Group, directly and indirectly, had 569 employees which are mainly located in the PRC. The staff costs for the six months ended 31 March 2012 was approximately HK\$7,030,000.

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**

There was no change of information on Directors during the six months ended 31 March 2012 which is required to be disclosed pursuant to rule 17.50 A (1) of the GEM Listing Rules.

## **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 is no provision for pre-emptive rights under the Company's articles of association ("Articles"), 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 all three independent non-executive Directors, namely, Mr. Chong Cha Hwa, Mr. Sham Chi Keung William and Mr. Yeung Chi Tit.

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 2012.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has 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 2012.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the six months ended 31 March 2012, 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 to the GEM Listing Rules throughout the six months ended 31 March 2012, except for the following deviations:–

Code provision A.4.1 requires that non-executive directors should be appointed for a specific term and subject to re-election. Currently all independent non-executive Directors have no specific term of appointment but they are subject to retirement by rotation in accordance with the Articles. As such, the Company considers that sufficient measures have been taken to serve the purpose of this code provision.

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

Hong Kong, 14 May 2012

*Executive Directors as at date of this announcement:*

Mr. Cheung Hung, Mr. Tian Zhenyong and Mr. Wang Zhixin

*Independent Non-executive Directors as at date of this announcement:*

Mr. Chong Cha Hwa, Mr. Sham Chi Keung William and Mr. Yeung Chi Tit

*This announcement will remain on the "Latest Company Announcement" page of the GEM Website at [www.hkgem.com](http://www.hkgem.com) for a minimum period of seven days from the day of its posting and on the website of the Company at [www.irasia.com/listco/hk/longlife](http://www.irasia.com/listco/hk/longlife).*