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**ONGLIFE GROUP HOLDINGS LIMITED**  
**朗力福集團控股有限公司**  
*(Incorporated in Cayman Islands with limited liability)*  
**(Stock code: 08037)**

**DISCLOSEABLE TRANSACTION**  
**Disposal of Land Use Right of Land and Plant Located in PRC**

Further to the announcement of the Company dated 11 May 2010 regarding termination of an agreement for the disposal of the land use right of the Land (details of which were set out in the announcement of the Company of 18 December 2009), the Board announces that on 30 July 2010, the Vendor, a wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser, in relation to the disposal of the land use right of the Land 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.

The Disposal constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules.

**INTRODUCTION**

Further to the announcement of the Company dated 11 May 2010 regarding termination of an agreement for the disposal of the land use right of the Land (details of which were set out in the announcement of the Company of 18 December 2009), the Board announces that on 30 July 2010, the Vendor, a wholly-owned subsidiary of the Company, entered into the Agreement as described below with the Purchaser, in relation to the disposal of the land use right of the Land 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.

## **THE AGREEMENT**

**Date:** 30 July 2010

### **Parties:**

- (1) Suzhou Longlifu Health Food Company Limited<sup>#</sup> (蘇州朗力福保健品有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, as the Vendor.
- (2) Suzhou City Xiangcheng District Weinan Village Economic Development Company Limited<sup>#</sup> (蘇州市相城區渭南村經濟發展有限公司), a company incorporated in the PRC with limited liability and engaged in the business of infrastructure and project investment and management, as the Purchaser.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Purchaser and the ultimate beneficial owner of the Purchaser is third party independent of and not connected with the Company and its connected persons (as defined in the GEM Listing Rules).

### **The Land:**

The Land is the parcel of land owned by the Vendor by way of assignment with registration no.115-0123-003 for industrial use and located at Longlife Road of Weitang Town, Xiangcheng District of Suzhou, the PRC<sup>#</sup> (蘇州市相城區渭塘鎮朗力福路邊), with a total area of 33,448.8 square metres. The land use right of the Land is effective until 12 February 2054.

### **Plant to be constructed on the Land:**

Pursuant to the Agreement, the Vendor and the Purchaser agreed to construct the Plant on the Land, in accordance with the specific details on construction as set out in the Agreement which include the following:

1. the Vendor shall be responsible for engaging appropriate contractors to carry out the construction work for the Plant and obtaining the relevant government or regulatory approvals for the construction plan, construction work, completion inspection and occupation of the Plant; and
2. the Purchaser shall be responsible for planning the construction of the Plant and the overall management and supervision of all construction work for the Plant and shall take up all liabilities in connection with such construction work. The Purchaser shall also pay all costs, expenses and tax fees in relation to the Construction Plan and construction of the Plant, and shall purchase and maintain sufficient insurance coverage in relation to the Plant.

**Assets to be disposed of:**

On condition that the Purchaser fully complies with its obligations and liabilities under the Agreement, upon completion of construction of the Plant according to the Construction Plan and satisfactory completion of the inspection of the Plant by the relevant PRC authorities, the Vendor shall transfer the land use right of the Land together with the Plant to the Purchaser. The Vendor and the Purchaser shall also enter into such separate real estate transfer contract as may be required under the relevant PRC laws for the transfer of the land use right of the Land and the Plant, and the Vendor shall provide such documents and complete such procedures required under the relevant PRC laws for completing the transfer of the land use rights of the Land and the Plant to the Purchaser.

**The Consideration:**

The aggregate consideration for the Disposal is RMB12,000,000 (approximately HK\$13,761,000) (subject to adjustment based on valuation by a professional surveyor appointed by the Purchaser (at its own costs) and accepted by the Vendor), together with the Purchaser's undertakings to pay, and to indemnify the Vendor against, all costs, expenses and tax fees incurred in connection with the construction of the Plant and the transfer of the land use right of the Land and the Plant after signing of the Agreement, which shall be settled by the Purchaser in the following manner:

- (a) RMB6,000,000 (approximately HK\$6,881,000) shall be paid by the Purchaser to the Vendor in cash after execution of the Agreement and before 31 July 2010;
- (b) RMB4,000,000 (approximately HK\$4,587,000) shall be paid by the Purchaser to the Vendor in cash within seven (7) days after obtaining the relevant approval on the Construction Plan from the relevant governmental authorities in the PRC;
- (c) RMB2,000,000 (approximately HK\$2,293,000) shall be paid by the Purchaser to the Vendor in cash within seven (7) days after the relevant PRC governmental authorities commenced processing the transfer of the land use right of the Land and the Plant; and
- (d) all other costs, expenses and tax fees in connection with the construction of the Plant and the transfer of the land use right of the Land and the Plant undertaken to be paid by the Purchaser shall be paid by the Purchaser upon notice or on demand by the Vendor.

The consideration was determined after arm's length negotiations between the Vendor and the Purchaser taking into account the premium to the valuation on the Land conducted by an independent professional surveyor, pursuant to which the Land was valued at RMB10,800,000 (approximately HK\$12,388,000) as at 30 June 2010.

**Completion:**

The completion of the Disposal will take place upon the transfer of the land use right of the Land and the Plant having been approved and confirmed by the relevant governmental authorities in the PRC.

**Financial effect on the Group:**

Based on the unaudited management accounts of the Vendor as at 31 March 2010, the book value of the Land is RMB3,997,000 (approximately HK\$4,585,000). The gross profit, computed with reference to the book value of the Land and the consideration to be received from the Disposal, expected to accrue to the Group from the Disposal and after deducting all relevant expenses, is approximately RMB8,003,000 (approximately HK\$9,179,000). The Board expects that the proceeds from the Disposal will be used as general working capital of the Group. The Group has accrued no profit attributable to the Land for the last two financial years.

**Reasons for and benefits of the Disposal:**

The Company is an investment holding company. The Group is principally engaged in manufacture, research and development and distribution of consumer cosmetic, health related products, capsules products, health supplement wine and dental materials and equipment and operates only in the PRC. The Board considers that the Disposal is beneficial to the Group because of the following reasons:

1. The Group contracted inefficient sales network and implemented the conversion to the business model focusing on wholesale agent, so the scale of production and operation which results in great loss has been contracted effectively.
2. As a result of direct operating sales model of the Group, the liquidity is relatively low. After business conversion, some capital is needed to develop business and build brands, channels and products, as well as to reduce liabilities.
3. The government undertakes national idle land checking and requires to impose charges for idle lands; and in some events, relevant lands even could be recovered without compensation.
4. Given the profit to be generated from the Disposal, the Directors are of the view that the Disposal represents a good opportunity for the Company to realize its investment in the Land at a gross profit of approximately HK\$9,179,000. Taking into account the favourable consideration of the Disposal as compared with the book value of the Land as at 31 March 2010, the Directors consider that the terms of the Agreement are fair and reasonable and are in the commercial interests of the Company and its shareholders as a whole.

After careful consideration of the above, the Board has decided to proceed with the Disposal to dispose of idle land, enhance utilization efficiency of assets and increase cash flow for the production and operation of the Group. The Board also considers that the Disposal is of fair and reasonable terms and is in the interests of the Company and its shareholders as a whole.

## **GENERAL**

Since the applicable percentage ratio is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings.

<b>“Agreement”</b>	the agreement dated 30 July 2010 and entered into between the Vendor and the Purchaser in respect of the Disposal
<b>“Board”</b>	the board of Directors of the Company
<b>“Company”</b>	Longlife Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose issued shares are listed on GEM
<b>“Construction Plan”</b>	the plan in relation to the construction of the Plant on the Land
<b>“Director(s)”</b>	director(s) of the Company
<b>“Disposal”</b>	the disposal of the land use right of the Land together with the Plant by the Vendor to the Purchaser pursuant to the Agreement
<b>“GEM”</b>	the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
<b>“GEM Listing Rules”</b>	the Rules Governing the Listing of Securities on the GEM
<b>“Group”</b>	collectively the Company and its subsidiaries
<b>“Land”</b>	the parcel of land owned by the Vendor by way of assignment with registration no.115-0123-003 for industrial use and located at Longlife Road of Weitang Town, Xiangcheng District of Suzhou, the PRC# (蘇州市相城區渭塘鎮朗力福路邊), with a total area of 33,448.8 square metres
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“Hong Kong”</b>	The Hong Kong Special Administrative Region of the PRC

<b>“Plant”</b>	the plant to be built on the Land according to the Construction Plan and pursuant to the Agreement
<b>“PRC”</b>	The People’s Republic of China
<b>“Purchaser”</b>	Suzhou City Xiangcheng District Weinan Village Economic Development Company Limited <sup>#</sup> (蘇州市相城區渭南村經濟發展有限公司), a company incorporated in the PRC with limited liability
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC
<b>“Vendor”</b>	Suzhou Longlifu Health Food Company Limited <sup>#</sup> (蘇州朗力福保健品有限公司), a company incorporated in the PRC with limited liability, an indirect wholly-owned subsidiary of the Company

*In this announcement, RMB1.00 is taken to be equivalent to HK\$1.147. The conversion rate is for the purpose of illustration only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at the aforesaid or any other rates.*

*# The English translation of Chinese names or address in this announcement is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or address.*

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

Hong Kong, 30 July 2010

*As at the date of this announcement, 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.*

*This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

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