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LONG SUCCESS INTERNATIONAL (HOLDINGS) LIMITED

百齡國際（控股）有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 8017)

**FURTHER SUPPLEMENTAL AGREEMENT IN RELATION
TO MAJOR TRANSACTION**

Reference is made to the Announcements of the Company dated 4 February 2010, 26 March 2010, 5 July 2010, 30 September 2010 and 28 March 2011 and the Circular of the Company dated 17 June 2010.

On 27 September 2011 (after trading hours), the Vendor and the Purchaser entered into the Further Supplemental Agreement to further amend certain terms and conditions of the Acquisition Agreement and the Supplemental Agreement as set out in this announcement.

Pursuant to Rule 19.36 of the GEM Listing Rules, the Supplemental Agreement and the Further Supplemental Agreement constitute material variation of the terms of the Acquisition Agreement and are subject to the reporting, announcement and the Shareholders' approval requirements.

Save for the terms varied and supplemented by the Further Supplemental Agreement, all other terms and conditions of the Acquisition Agreement and the Supplemental Agreement shall remain in full force and effect in all respects.

A supplemental circular containing, among other things, (i) further details of the Supplemental Agreement and the Further Supplemental Agreement; and (ii) a notice of the SGM will be despatched to the Shareholders as soon as practicable.

Reference is made to the announcements of the Company dated 4 February 2010, 26 March 2010, 5 July 2010, 30 September 2010 and 28 March 2011 (the “**Announcements**”) and the circular of the Company dated 17 June 2010 (“the “**Circular**”). Unless otherwise specified, capitalized terms used in this announcement shall have the same meaning as those defined in the Announcements and Circular.

INTRODUCTION

On 26 March 2010, the Company announced that the Purchaser, a wholly owned subsidiary of the Company, entered into the Acquisition Agreement with the Vendor pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the entire equity interest in the BVI Company (which owns 60% equity interests in the Joint Venture Company) at a consideration of HK\$280 million. The Circular containing, among other things, further details of the Acquisition and other disclosures in connection with the Acquisition required pursuant to the GEM Listing Rules, was despatched on 17 June 2010.

On 5 July 2010, the Company announced that the ordinary resolutions in relation to the Acquisition Agreement and the transaction contemplated thereunder were duly passed by the Shareholders by way of poll at the special general meeting of the Company. The Completion took place on 30 September 2010.

On 28 March 2011, the Company announced that the Purchaser and the Vendor entered into the Supplemental Agreement to amend certain terms and conditions of the Acquisition Agreement to reflect the company structure of the BVI Company. The Zhongshan Company is to be included in the calculation of the terms concerning the registered capital and paid-up capital of the Joint Venture Company and the profit guarantee in respect of the Joint Venture Company. In addition to the 60% equity interests in the Joint Venture Company, the BVI Company further owns 100% of World Champion which in turn holds the entire equity interests in the Zhongshan Company. Further, the Vendor and the Purchaser agreed to postpone the effective period for the profit guarantee on the Joint Venture Company from the financial years of 2011, 2012 and 2013 to 2012, 2013 and 2014 respectively.

On 7 June 2011, World Champion, an indirect wholly owned subsidiary of the Company, signed a declaration of trust pursuant to which World Champion is the nominee of and holds the 40% equity interests of the Zhongshan Company for and on behalf of the PRC Partner effective from 4 March 2011.

THE FURTHER SUPPLEMENTAL AGREEMENT DATED 27 SEPTEMBER 2011

The Board wishes to announce that, on 27 September 2011 (after trading hours), the Purchaser entered into a further supplemental agreement with the Vendor to further amend certain terms and conditions of the Acquisition Agreement and the Supplemental Agreement (the “**Further Supplemental Agreement**”).

The principal terms of the Further Supplemental Agreement are as follow:

Purchaser: Fast Rise Development Limited, a company incorporated in the BVI with limited liability and is wholly owned by the Company.

Vendor: Mr. Leung Wa

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Vendor is an Independent Third Party.

Deregistration of the Joint Venture Company and registered capital and paid-up capital of the Zhongshan Company

Pursuant to the Acquisition Agreement, the Vendor has the obligation to increase the registered capital of the Joint Venture Company to not less than US\$17,000,000 and has agreed to guarantee and procure the paid-up capital of the Joint Venture Company to not less than US\$17,000,000 on or before 30 September 2010.

Pursuant to the Further Supplemental Agreement, the BVI Company and the PRC Partner have agreed to deregister the Joint Venture Company upon the completion of the Equity Transfer Agreement (as defined below). All of the paid-up capital previously injected into the Joint Venture Company, after deducting the relevant deregistration fees, will be refunded to the PRC Partner and the BVI Company according to the proportion of their respective capital contribution in the Joint Venture Company. As at the date of this announcement, the paid-up registered capital of the Joint Venture Company is US\$3,440,473.80, of which US\$914,173.80 is contributed by the PRC Partner and US\$2,526,300.00 is contributed by the BVI Company. For the US\$2,526,300.00 paid-up registered capital, US\$600,000.00 was contributed by the Vendor through the BVI Company before the BVI Company became a subsidiary of the Company and US\$1,926,300.00 was contributed by the Vendor through the BVI Company after the BVI Company became a subsidiary of the Company.

Pursuant to the Supplemental Agreement and the Further Supplemental Agreement and upon the approval of the Equity Transfer Agreement (as defined below) and the Capital Increase Agreement (as defined below) by the relevant authorities of the PRC, the registered capital of the Zhongshan Company shall be fully paid-up by the PRC Partner and World Champion (Vendor shall through World Champion contribute the registered capital to the Zhongshan Company) according to their respective equity interests in the Zhongshan Company within two years since the increase of the registered capital of the Zhongshan Company under the Capital Increase Agreement. In order to provide flexibility for the PRC Partner and the Vendor to inject the registered capital and to match with the production schedule of the Zhongshan Company, the fulfillment date of the injection of the registered capital of the Zhongshan Company is amended to 30 June 2013. Accordingly, the Vendor shall carry out its obligations regarding the Zhongshan Company under the Acquisition Agreement as amended by the Supplemental Agreement and the Further Supplemental Agreement, including but not limited to, the obligation (i) to increase the total registered capital of the Zhongshan Company to not less than US\$17,000,000 by injecting the registered capital in accordance with World Champion's 60% equity interests in the Zhongshan Company on or before 30 June 2013; and (ii) to guarantee and procure the total paid-up capital of the Zhongshan Company to not less than US\$17,000,000 on or before 30 June 2013. The Company is not required to contribute any registered capital in the Zhongshan Company nor the Joint Venture Company under the Supplemental Agreement and the Further Supplemental Agreement.

Condition precedent of the Further Supplemental Agreement

The Supplemental Agreement and the Further Supplemental Agreement are subject to the passing of ordinary resolution by the Shareholders at the SGM (as defined below) to approve the Supplemental Agreement and the Further Supplemental Agreement.

THE EQUITY TRANSFER AGREEMENT

Parties: (i) World Champion; and
(ii) the PRC Partner

By a declaration of trust dated 7 June 2011, World Champion is the nominee of and holds the 40% equity interests in the Zhongshan Company for and on behalf of the PRC Partner effective from 4 March 2011.

Upon the passing of the relevant ordinary resolution(s) by the Shareholders at the SGM (as defined below) to approve the Supplemental Agreement and the Further Supplemental Agreement, World Champion and the PRC Partner shall enter into the equity transfer agreement, pursuant to which the 40% equity interests in the Zhongshan Company held by World Champion as nominee for and on behalf of the PRC Partner, shall be transferred to the PRC Partner at a consideration calculated based on 40% of the total paid-up capital of Zhongshan Company as at the date of the equity transfer

agreement (the “**Equity Transfer Agreement**”). Therefore, the Company shall beneficially own 60% equity interests in the Zhongshan Company and the PRC Partner shall own the remaining 40% equity interests upon the completion of the Equity Transfer Agreement. Upon completion of the Equity Transfer Agreement, the declaration of trust referred in the preceding paragraph shall be terminated.

In the meantime, World Champion shall amend the articles of association of the Zhongshan Company to reflect the change from a wholly-owned foreign enterprise to a sino-foreign enterprise and to ensure the rights of the PRC Partner for assigning its nominees to the board of directors of the Zhongshan Company. The major amendments of the articles of association of the Zhongshan Company are as follow:

- (i) the total investment amount of the Zhongshan Company shall be changed from US\$5,600,000 to US\$4,000,000;
- (ii) the registered capital of the Zhongshan Company shall be changed from US\$4,000,000 to US\$17,000,000;
- (iii) the shareholders of the Zhongshan Company shall be amended as World Champion and the PRC Partner, of which the Vendor shall through World Champion contribute US\$10,200,000 as registered capital to the Zhongshan Company, representing 60% of the total registered capital of the Zhongshan Company, and the PRC Partner shall contribute US\$6,800,000 as registered capital to the Zhongshan Company, representing 40% of the total registered capital of the Zhongshan Company; and
- (iv) the articles of association of the Zhongshan Company shall be amended so that the board of directors of the Zhongshan Company shall become the group with the highest power of authority within the Zhongshan Company.

THE ASSETS PURCHASE AGREEMENT

Parties: (i) the Joint Venture Company; and
(ii) the Zhongshan Company

As at 31 March 2011, the Joint Venture Company holds plant and machinery and motor vehicle (the “**Acquired Assets**”) at the book value of RMB3,135,000 and RMB241,500 respectively.

Upon the passing of the relevant ordinary resolution(s) by the Shareholders at the SGM (as defined below) to approve the Supplemental Agreement and the Further Supplemental Agreement, the Joint Venture Company and the Zhongshan Company shall enter into the assets purchase agreement, pursuant to which the Zhongshan Company shall purchase and the Joint Venture Company shall sell the Acquired Assets at a consideration of RMB3,376,500, equivalent to the book value of the Acquired Assets (the “**Asset Purchase Agreement**”).

THE CAPITAL INCREASE AGREEMENT

Parties: (i) World Champion; and
(ii) the PRC Partner

Upon (i) the passing of the relevant ordinary resolution(s) by the Shareholders at the SGM (as defined below) to approve the Supplemental Agreement and the Further Supplemental Agreement; (ii) the completion of the Equity Transfer Agreement; and (iii) the completion of the deregistration of the Joint Venture Company, World Champion and the PRC Partner shall enter into the capital increase agreement, pursuant to which the total registered capital of the Zhongshan Company shall be changed from US\$4,000,000 to US\$17,000,000, of which the Vendor shall through World Champion contribute US\$10,200,000 as registered capital to the Zhongshan Company, representing 60% of the total registered capital of the Zhongshan Company, and the PRC Partner shall contribute US\$6,800,000 as registered capital to the Zhongshan Company, representing 40% of the total registered capital of the Zhongshan Company (the “**Capital Increase Agreement**”).

TRANSFER OF THE CONTRACTUAL INTERESTS OF THE JOINT VENTURE COMPANY UNDER THE PATENT LICENSE AGREEMENT TO THE ZHONGSHAN COMPANY

On 21 February 2010, the Joint Venture Company and the PRC Partner entered into the Patent License Agreement in relation to the Intellectual Property, pursuant to which, the Joint Venture Company has been granted a right to manufacture the Products within the PRC utilizing the Intellectual Property, and a right to design, use and sell the Products utilizing the Intellectual Property.

Pursuant to the Supplemental Agreement and the Further Supplemental Agreement, the Joint Venture Company will be deregistered upon the completion of the Equity Transfer Agreement. Therefore, the contractual interests of the Joint Venture Company under the Patent License Agreement will be transferred to the Zhongshan Company, other terms and conditions of the Patent License Agreement will remain unchanged.

TRANSFER OF THE CONTRACTUAL INTERESTS OF THE JOINT VENTURE COMPANY UNDER THE MASTER AGREEMENT TO THE ZHONGSHAN COMPANY

On 26 May 2010, the Joint Venture Company, as a supplier, and the PRC Partner, as a purchaser, entered into the Master Agreement in relation to the Continuing Connected Transaction.

Pursuant to the Supplemental Agreement and the Further Supplemental Agreement, the Joint Venture Company will be deregistered upon the completion of the Equity Transfer Agreement. Therefore, the contractual interests of the Joint Venture Company under the Master Agreement will be transferred to the Zhongshan Company, other terms and conditions of the Master Agreement will remain unchanged.

INFORMATION ON THE JOINT VENTURE COMPANY

The Joint Venture Company was incorporated in the PRC with limited liability on 11 February 2010 and it is principally engaged in the development and production of biodegradable resin and its related products.

As at the date of this announcement, the paid-up registered capital of the Joint Venture Company is US\$3,440,473.80, of which US\$914,173.80 is contributed by the PRC Partner and US\$2,526,300.00 is contributed by the BVI Company. For the US\$2,526,300.00 paid-up registered capital, US\$600,000.00 was contributed by the Vendor through the BVI Company before the BVI Company became a subsidiary of the Company and US\$1,926,300.00 was contributed by the Vendor through the BVI Company after the BVI Company became a subsidiary of the Company. Pursuant to the Supplemental Agreement and the Further Supplemental Agreement, the BVI Company and the PRC Partner have agreed to deregister the Joint Venture Company upon the completion of the Equity Transfer Agreement. All of the paid-up capital previously injected into the Joint Venture Company, after deducting the relevant deregistration fees, will be refunded to the PRC Partner and the BVI Company according to the proportion of their respective capital contribution to the Joint Venture Company.

Financial Information

Set out below is a summary of the audited financial information of the Joint Venture Company for the period from 11 February 2010 (date of establishment) to 31 March 2010 and for the year ended 31 March 2011:

	For the year ended 31 March 2011	For the period from 11 February 2010 (date of establishment) to 31 March 2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net asset value	23,248	7,618
Net profit/(loss) before taxation and extraordinary items	(4,221)	(99)
Net profit/(loss) after taxation and extraordinary items	(4,221)	(99)

INFORMATION ON WORLD CHAMPION

World Champion is a wholly-owned subsidiary of the Company and an investment holdings company incorporated in Hong Kong with limited liability. As at the date of this announcement, 60% equity interests in the Zhongshan Company is wholly owned by World Champion and 40% equity interests in the Zhongshan Company is held by World Champion as a nominee for and on behalf of the PRC Partner pursuant to a declaration of trust dated 7 June 2011.

Financial Information

Set out below is a summary of the audited financial information of World Champion for the period from 23 December 2010 (date of incorporation) to 31 March 2011:

	For the period from 23 December 2010 (date of incorporation) to 31 March 2011 <i>HK\$'000</i>
Net asset value	(37)
Net profit/(loss) before taxation and extraordinary items	(37)
Net profit/(loss) after taxation and extraordinary items	(37)

INFORMATION ON THE ZHONGSHAN COMPANY

As at the date of this announcement, the Zhongshan Company is a wholly-owned foreign enterprise incorporated in the PRC with limited liability on 4 March 2011, with a registered capital of US\$4,000,000. As at the date of this announcement, the paid-up registered capital of the Zhongshan Company is US\$1,538,047, of which US\$640,853 was contributed by the Company through World Champion on its incorporation and US\$897,194 was contributed by the Vendor through World Champion on 17 June 2011.

In order to reduce the PRC legal restraints and to speed up the commencement of production in the Zhongshan Company, the Company through World Champion contributed US\$640,853 to the Zhongshan Company on the incorporation of the Zhongshan Company. The said amount will be recovered by the paid-up capital of the Joint Venture Company, which was previously contributed by the Vendor through the BVI Company to the Joint Venture Company, after the deregistration of the Joint Venture Company.

The Zhongshan Company is principally engaged in the development and production of biodegradable resin and its related products. As at the date of this announcement, 60% equity interests in the Zhongshan Company is wholly owned by World Champion and 40% equity interests in the Zhongshan Company is held by World Champion as a nominee for and on behalf of the PRC Partner pursuant to a declaration of trust dated 7 June 2011.

By entering into the Equity Transfer Agreement, World Champion shall transfer 40% equity interests in the Zhongshan Company to the PRC Partner. Therefore, the Company shall beneficially own 60% equity interests in the Zhongshan Company through World Champion and the PRC Partner shall own the remaining 40% equity interests. The Zhongshan Company, upon the completion of the Equity Transfer Agreement, shall become a sino-foreign enterprise incorporated in the PRC with limited liability.

By entering into the Capital Increase Agreement, the total registered capital of the Zhongshan Company shall be changed from US\$4,000,000 to US\$17,000,000, of which the Vendor shall through World Champion contribute US\$10,200,000 as registered capital to the Zhongshan Company, representing 60% of the total registered capital of the Zhongshan Company, and the PRC Partner shall contribute US\$6,800,000 as registered capital to the Zhongshan Company, representing 40% of the total registered capital of the Zhongshan Company.

Financial Information

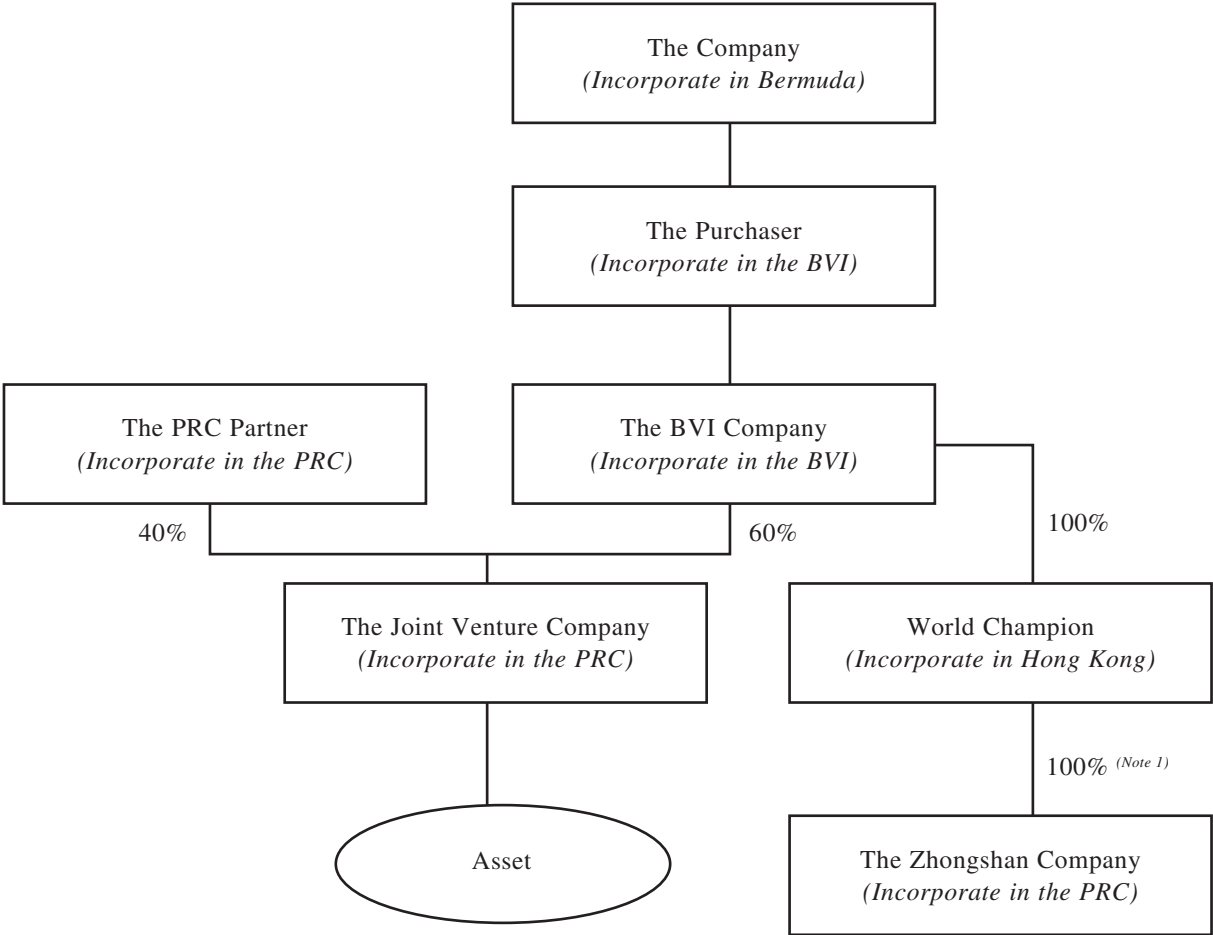
Set out below is a summary of the audited financial information of the Zhongshan Company for the period from 4 March 2011 (date of establishment) to 31 March 2011:

	For the period from 4 March 2011 (date of establishment) to 31 March 2011 HK\$'000
Net asset value	4,922
Net profit/(loss) before taxation and extraordinary items	(89)
Net profit/(loss) after taxation and extraordinary items	(89)

SHAREHOLDING STRUCTURE OF THE JOINT VENTURE COMPANY AND THE ZHONGSHAN COMPANY

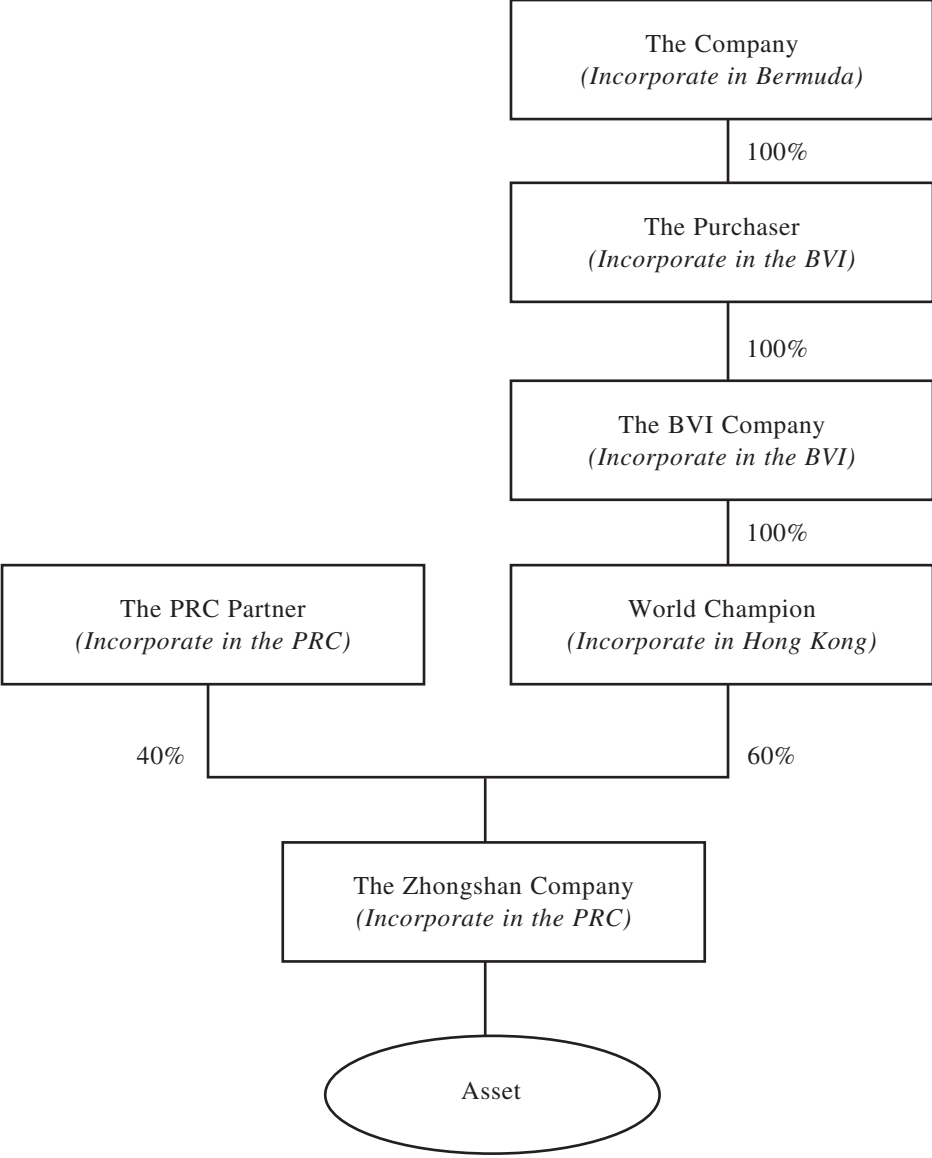
As at the date of this announcement, the Company indirectly holds 60% equity interests in the Joint Venture Company, which holds assets relating to the biodegradable materials manufacturing business and the Intellectual Property. Upon completion of the Equity Transfer Agreement, the Asset Purchase Agreement and the deregistration and liquidation of the Joint Venture Company, the Company will indirectly hold 60% equity interests in the Zhongshan Company, which will hold assets relating to the biodegradable materials manufacturing business and the Intellectual Property.

The shareholding structure of the Joint Venture Company and the Zhongshan Company as at the date of this announcement



Note 1: By a declaration of trust dated 7 June 2011, World Champion is the nominee of and holds the 40% equity interests of the Zhongshan Company for and on behalf of the PRC Partner effective from 4 March 2011.

The shareholding structure of the Joint Venture Company and the Zhongshan Company upon the completion of the Equity Transfer Agreement, the Assets Purchase Agreement and the transfer of the contractual interests of the Joint Venture Company under the Patent License Agreement to the Zhongshan Company



REASONS FOR ENTERING INTO THE FURTHER SUPPLEMENTAL AGREEMENT

The Group is principally engaged in the (i) paper manufacturing business; (ii) sales of biodegradable and related products; and (iii) money lending services.

It was originally contemplated that the Joint Venture Company shall set up a factory in Dongguan. However, upon inspection, the project designer is of the view that the electricity supply of the proposed location is unstable and it was discovered that there is a shortage of labour in the city. The situation may hinder the long-term operation of the Joint Venture Company. In order to enable the biodegradable materials manufacturing business of the Company to achieve satisfactory sales and profit, the management of the BVI Company sets up the Zhongshan Company and proposed for the Zhongshan Company to construct a factory in Zhongshan.

The Zhongshan Company is located within the Zhongshan High-Tech Torch Development Zone, which was jointly founded by the Ministry of Science and Technology of the government of the PRC, the Zhongshan Municipal Government and the People's Government of Guangdong Province in 1990. In 1991, the State Council of the PRC approved the aforementioned zone to be the National Hi-Tech Industrial Development Zone, which accommodates more than 1,000 industrial enterprises. Among these enterprises, more than 500 are above designated scale, and approximately 20 are among the world's top 500. Seven national-level industrial bases have been set up on this development zone. Their foreign-exchange-earning capacity ranks top 10 in China.

There are various preferential taxation policies for the enterprises located in Zhongshan, including but not limited to, (i) enterprise income tax would be levied at a reduced rate of 20% for qualified small-scale enterprises with low profit margins, and any losses incurred by an enterprise during a tax year may be carried forward to subsequent year(s) to offset its future profit; (ii) enterprise income tax would be levied at the reduced rate of 15% for high-technology enterprises supported by the government of the PRC; (iii) deductions are allowed in the calculation of taxable income for the expenditures on the development of new technologies, new products and new techniques of an enterprise; and (iv) 10 percent of an enterprise's expenditures for the purchase of equipment for the purposes of environmental protection, energy saving, water saving and safe production may be credited against its tax payable.

And it is confirmed that the electricity supply in Zhongshan is stable and the labour supply is adequate. In addition, the new proposed location is close to the local container terminal which provides a convenient and economic mode of transportation.

Pursuant to the Acquisition Agreement and as stated in the Circular, the Purchaser had the right and was entitled (i) to adjust the Consideration and require the Vendor to refund the cash payment made by the Purchaser to the Vendor (the “**Cash Consideration**”), without interest, upon serving a notice to the Vendor; and (ii) to withhold the issue and allotment of the Consideration Shares to the extent of the relevant shortfall of the unpaid registered capital. In view of (i) the unfavorable manufacturing conditions in Dongguan are unexpected by the Company and the Vendor; (ii) the decision of relocating the production plant of the biodegradable material manufacturing business from Dongguan to Zhongshan is initiated by the Company for the benefit and interests of the Company and the Shareholders as a whole; (iii) the Purchaser still reserves the right to demand for the refund of the Cash Consideration; (iv) the Consideration Shares have been deposited and escrowed in an escrow agent appointed by the Company and the Vendor’s nominee; and (v) the Company reserves the right to repurchase and cancel the Consideration Shares with the mechanism to repurchase and cancel all or part of the Consideration Shares by way of reducing the consideration of the Acquisition and no additional cash will be paid by the Company to the Vendor in respect of the aforesaid repurchase mechanism, details of which will be agreed between the Company and the Vendor if the case may be, the Directors (including the independent non-executive Directors) consider not to adjust the Consideration nor to demand for the refund of the Cash Consideration at this stage.

In view of the above factors, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Further Supplemental Agreement and the transactions contemplated thereunder respectively are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

Pursuant to Rule 19.36 of the GEM Listing Rules, the Supplemental Agreement and the Further Supplemental Agreement constitute material variation of the terms of the Acquisition Agreement and are subject to the reporting, announcement and the Shareholders’ approval requirements.

GENERAL

The special general meeting will be held to consider and, if thought fit, approve the resolution in respect of the Supplemental Agreement, the Further Supplemental Agreement and the transactions contemplated thereunder respectively (the “**SGM**”). As at the date of this announcement, the Vendor and his associates hold 222,000,000 Shares, representing approximately 8.46% of the equity interests in the Company. Accordingly, the Vendor and his associates will be required to abstain from voting at the SGM in respect of the resolutions for approving the Supplemental Agreement, the Further Supplemental Agreement and the transactions contemplated thereunder respectively.

Save and except the said shareholding by the Vendor and his associates, the Directors confirm that to their best knowledge, no other Shareholder has a material interests in the Supplemental Agreement and the Further Supplemental Agreement, nor is required to abstain from voting at the SGM.

A supplemental circular containing, among other things, (i) further details of the Supplementary Agreement and the Further Supplementary Agreement; and (ii) a notice of the SGM will be despatched to the Shareholders as soon as practicable.

By Order of the Board
Long Success International (Holdings) Limited
Wong Kam Leong
Chairman

Hong Kong, 27 September 2011

As at the date hereof, the four executive Directors are Mr. Wong Kam Leong, Mr. Hu Dongguang, Mr. Wu Bingxiang and Dr. Guo Wanda and four independent non-executive Directors are Mr. Ng Kwok Chu, Winfield, Mr. Ng Chau Tung, Robert, Mr. Tse Ching Leung and Mr. Wang Qingyi.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this announcement is accurate and complete in all material aspects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) 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.

This announcement will remain on the “Latest Company Announcements” page of the GEM website for 7 days from the date of its publication.

* *For identification purpose only*