THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Long Success International (Holdings) Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

LONG SUCCESS
百齡國際

LONG SUCCESS INTERNATIONAL (HOLDINGS) LIMITED
百齡國際（控股）有限公司*

(incorporated in Bermuda with limited liability)
(Stock Code: 8017)

SUPPLEMENTAL CIRCULAR
IN RELATION TO MAJOR TRANSACTION

Financial adviser to the Company

WALLBANCK BROTHERS
Securities (Hong Kong) Limited

The Company is issuing this circular pursuant to Rule 19.52 of the GEM Listing Rules. This document amends and supplements the Circular and should read in conjunction with the Circular.

A letter from the Board is set out on pages 5 to 24 of this circular.

A notice convening the SGM to be held at the Function Room of Macau Jokey Club, 1/F China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong at 11:00 a.m. on Wednesday, 2 November 2011 is set out on pages 103 to 104 of this circular. Whether or not you are able to attend the SGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit it to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

This circular will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and the Company website at www.long-success.com.

* *For identification purpose only*

30 September 2011

CHARACTERISTICS OF GEM

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 Stock 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.

CONTENTS

In this circular, the following expressions shall have the following meanings unless the context indicates otherwise:

"Acquired Assets"	assets that are currently held by the Joint Venture Company, including plant and machinery and motor vehicle at the book value of RMB3,135,000 and RMB241,500 respectively
"Acquisition"	the acquisition of 100% equity interest in the BVI Company by the Purchaser from the Vendor on the terms and subject to the conditions set out in the Acquisition Agreement
"Acquisition Agreement"	the share transfer agreement dated 26 March 2010 entered into between the Purchaser and the Vendor in relation to the Acquisition
"Asset"	assets that are currently held by the Joint Venture Company and will be held by the Zhongshan Company upon the completion of the Assets Purchase Agreement and the transfer of the contractual interest of the Joint Venture Company under Patent License Agreement to the Zhongshan Company, including but not limited to the Acquired Assets and the Patent License Agreement
"Assets Purchase Agreement"	an assets purchase agreement to be entered into between the Joint Venture Company and the Zhongshan Company in relation to the purchase of the certain assets from the Joint Venture Company by the Zhongshan Company, subject to the terms and conditions therein
"Board"	the board of Directors
"BVI"	British Virgin Islands
"BVI Company"	Ever Stable Holdings Limited (永順控股有限公司), an investment holding company, incorporated in the BVI with limited liability and is wholly owned by the Company
"Capital Increase Agreement"	a capital increase agreement to be entered into between World Champion and the Zhongshan Company in relation to the increase of the registered capital of the Zhongshan Company, subject to the terms and conditions therein
"Circular"	a circular of the Company dated 17 June 2010 regarding the Acquisition and the special general meeting of the Company held on 5 July 2010
"Company"	Long Success International (Holdings) Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the GEM

"Completion"	the completion of the Acquisition
"Continuing Connected Transaction"	the continuing connected transactions as defined under the GEM Listing Rules and contemplated under the Master Agreement
"Director(s)"	the director(s) of the Company
"Equity Transfer Agreement"	an equity transfer agreement to be entered into between World Champion and the PRC Partner in relation to the transfer of 40% equity interest in the Zhongshan Company to the PRC Partner, subject to the terms and conditions therein
"Further Supplemental Agreement"	a further supplemental agreement dated 27 September 2011 entered into between the Purchaser and the Vendor to further amend certain terms and conditions of the Acquisition Agreement and the Supplemental Agreement
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	such person(s) who is(are) independent of and not connected nor acting in concert with the Directors, chief executive, management shareholders or substantial shareholders of the Company or its subsidiaries, or any of their respective associates, or parties acting in concert with any of them
"Intellectual Property"	the two patents, in relation to biodegradable materials as licensed by the PRC Partner to the Joint Venture Company pursuant to the Patent License Agreement: (i) registered under PRC patent number ZL200610035466.0 of patent name "a production method for a fully biodegradable plastic resin and its related film products" ("一種可完全生物降解塑膠樹脂及其薄膜類製品的生產方法"),with a validity period from 16 May 2006 to 15 May 2026; and (ii) registered under PRC patent number ZL01144447.9 of patent name " a production method for a starch-based biodegradable material and its related disposable tableware" ("一種澱粉基生物降解材料及其一次性餐飲具生產方法"), with a validity period from 18 December 2001 to 17 December 2020

"Joint Venture Company"	東莞九禾生物塑料有限公司(Dongguan Jiu He Bioplastics Company Limited), a sino-foreign equity joint venture incorporated in the PRC with limited liability
"Latest Practicable Date"	28 September 2011, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication
"Macau"	the Macau Special Administrative Region of the PRC
"Master Agreement"	an agreement dated 26 May 2010 entered into between the Joint Venture Company and the PRC Partner in relation to the Continuing Connected Transaction
"Patent License Agreement"	the patent license agreement entered into between the Joint Venture Company and the PRC Partner dated 21 February 2010 in relation to the Intellectual Property
"PRC"	the People's Republic of China, which for the purpose of this circular excludes Hong Kong, Macau and Taiwan
"PRC Partner"	廣東上九生物降解塑料有限公司(Guangdong Shangjiu Biodegradable Plastics Company Limited), a company incorporated in the PRC with limited liability and holds 40% equity interest in the Joint Venture Company
"Products"	the biodegradable materials and its related products, which apply and utilize the Intellectual Property
"Purchaser"	Fast Rise Development Limited, a company incorporated in the BVI with limited liability and is wholly owned by the Company
"Share(s)"	ordinary share(s) of HK$0.04 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"SGM"	a special general meeting of the Company to be convened to consider and, if thought fit, to approve by the Shareholders, among other things, the Supplemental Agreements the Further Supplemental Agreement and the transactions contemplated thereunder respectively
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Supplemental Agreement"	a supplemental agreement dated 28 March 2011 entered into between the Purchaser and the Vendor to amend certain terms and conditions of the Acquisition Agreement
"US$"	United States dollars, the lawful currency of the United States of America
"Vendor"	Mr. Leung Wa, a Hong Kong citizen
"World Champion"	World Champion Investments Limited (華中投資有限公司), an investment holdings company, incorporated in Hong Kong with limited liability and is indirectly wholly owned by the Company
"Zhongshan Company"	中山九禾生物塑料有限公司(Zhongshan Jiu He Bioplastics Company Limited), a wholly-owned foreign enterprise incorporated in the PRC with limited liability
"%"	per cent

Note: An exchange rate of US$1.00 to HK$7.80 has been used for the conversion of US$ into HK$ for the purpose of this circular. This is for illustration purpose only and does not constitute a representation that any amounts in HK$ or US$ have been, could have been, or may be converted, at these or such other rates.

LONG SUCCESS INTERNATIONAL (HOLDINGS) LIMITED
百齡國際（控股）有限公司*

(incorporated in Bermuda with limited liability)
(Stock Code: 8017)

Executive Directors:
Mr. Wong Kam Leong *(Chairman)*
Mr. Hu Dongguang *(Chief Executive Officer)*
Mr. Wu Bingxiang
Dr. Guo Wanda

Independent non-executive Directors:
Mr. Ng Kwok Chu, Winfield
Mr. Ng Chau Tung, Robert
Mr. Tse Ching Leung
Mr. Wang Qingyi

Registered Office:
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Head Office and Principal Place of Business:
26/F., EIB Centre,
40-44 Bonham Strand,
Sheung Wan,
Hong Kong

30 September 2011

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

INTRODUCTION

Reference is made to the Circular. Unless the context otherwise requires, capitalized terms used in this circular shall have the same meanings as those defined in the Circular.

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 had conditionally agreed to sell and the Purchaser had conditionally agreed to acquire the entire equity interest in the BVI Company (which owns 60% equity interest 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 Board announced that the ordinary resolutions in relation to the Acquisition Agreement and the transactions 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.

* *For identification purpose only*

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 structure of the BVI Company. The Zhongshan Company was 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 interest in the Joint Venture Company, the BVI Company further owned 100% equity interest in World Champion which in turn held the entire equity interest in the Zhongshan Company. Further, the Vendor and the Purchaser agreed to postpone the effective period for the profit guarantee in respect of 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.

On 27 September 2011, the Company announced that the Purchaser and the Vendor entered into the Further Supplemental Agreement to further amend certain terms and conditions of the Acquisition Agreement to reflect the then structure of the BVI Company.

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 therefore subject to the approval of the Shareholders.

The purpose of this circular is to provide you with, among other things, further details of the Supplemental Agreement and the Further Supplemental Agreement together with the notice of the SGM at which resolution(s) will be proposed to consider and, if thought fit, approve the Supplemental Agreement, the Further Supplemental Agreement and the transactions contemplated thereunder respectively.

THE SUPPLEMENTAL AGREEMENT DATED 28 MARCH 2011

The principal terms of the Supplemental Agreement are as follows:

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.

Change in the current company structure of the BVI Company

In addition to the 60% equity interest in the Joint Venture Company, the BVI Company also holds 100% equity interest in World Champion which in turn holds the entire equity interest in the Zhongshan Company as at the date of the Supplemental Agreement.

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. As at the Latest Practicable Date, the Zhongshan Company is at the intermediate stage of its restructuring and relocation process, pending execution of the relevant agreements as stated below.

The Board is of the opinion that the purpose of establishing of the Zhongshan Company with 100% equity interest held by World Champion is to reduce the PRC legal restraints and to speed up the commencement of production in the Zhongshan Company.

World Champion and the PRC Partner will enter into the Equity Transfer Agreement upon the passing of the relevant ordinary resolution(s) by the Shareholders at the SGM to approve the Supplemental Agreement and the Further Supplemental Agreement. Details of the Equity Transfer Agreement are set out in the section headed "The Equity Transfer Agreement" below.

By entering into the Equity Transfer Agreement, World Champion will transfer 40% equity interest in the Zhongshan Company to the PRC Partner. Therefore, the Company will then beneficially own 60% equity interest in the Zhongshan Company through World Champion and the PRC Partner will then own the remaining 40% equity interest.

Profit Guarantee

Pursuant to the Acquisition Agreement, the Vendor shall provide a profit guarantee in favour of the Purchaser, as the profit after taxation of the Joint Venture Company will not be less than HK$60 million, HK$80 million and HK$100 million for the financial years 2011, 2012 and 2013 respectively. The financial year-end date is on 31 December of each year.

If the Joint Venture Company fails to meet the aforesaid profit guarantees in any of the three financial years, the Vendor shall pay the Purchaser a compensation equivalent to the shortfall of HK$36 million, HK$48 million and HK$60 million respectively for 2011, 2012 and 2013 respectively. If the Joint Venture Company records a loss in any of the three years, the Vendor shall pay the Purchaser a compensation equivalent to the loss attributable to the 60% equity interest in the Joint Venture Company for that year plus the shortfall of the aforesaid guaranteed profit for that year.

Due to the unfavourable manufacturing conditions in Dongguan, the Zhongshan Company was constructed for relocation purpose. As the result, the terms of the profit guarantee are revised to reflect the delay of the production schedule and to amend, change and postpone the effective period for the profit guarantee from the three financial years 2011, 2012 and 2013 to 2012, 2013 and 2014 respectively.

According to the Supplemental Agreement, the Vendor shall provide a profit guarantee in favour of the Purchaser, as the total profit after taxation of the Zhongshan Company will not be less than HK$60 million, HK$80 million and HK$100 million for 2012, 2013 and 2014 respectively.

If the Zhongshan Company fails to meet the aforesaid profit guarantees in any of the three years, the Vendor will pay the Purchaser a compensation equivalent to the shortfall of HK$36 million, HK$48 million and HK$60 million respectively for 2012, 2013 and 2014 respectively. If the Zhongshan Company records a loss in any of the three financial years, the Vendor shall pay the Purchaser a compensation equivalent to the loss attributable to the 60% equity interest in the Zhongshan Company for that year plus the shortfall of the aforesaid guaranteed profit for that year.

THE FURTHER SUPPLEMENTAL AGREEMENT DATED 27 SEPTEMBER 2011

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

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. 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. As at the Latest Practicable Date, 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 US1,926,300.00 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 and the Capital Increase Agreement 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 interest 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 interest 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 Supplemental Agreement and 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 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 of 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 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. Therefore, the Company shall beneficially own 60% equity interest in the Zhongshan Company and the PRC Partner shall own the remaining 40% equity interest upon entering into 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$54,000,000;

(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 highest power of authority within the Zhongshan Company.

After the above amendments, except for the investment amount of the Zhongshan Company, the articles of association of the Zhongshan Company would have the same content as the articles of association of the Joint Venture Company, including but not limited to, the registered capital, the shareholdings, the organisation structure and the structure of the board of directors of 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 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 as at 31 March 2011.

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 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.

TRANSFER OF THE CONTRACTUAL INTEREST 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 interest 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 INTEREST 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 interest 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.

STATUS OF THE CONSIDERATION

As at the Latest Practicable Date, the Consideration of HK$280,000,000 has been settled in the following manners:

(i) as to HK$215,000,000 has been settled by cash by the Company; and

(ii) as to HK$65,000,000 has been settled by issue and allotment of 216,000,000 Consideration Shares to the Vendor's nominee at the issue price of HK$0.30 per Consideration Share on 22 March 2011. The share certificates of the Consideration Shares have been deposited and are currently held by the Company's lawyer, acting as an escrow agent for the Company and the Vendor's nominee. The Consideration Shares held in escrow will only be released upon (a) the fulfillment of all the obligations by the Vendor under the Acquisition Agreement (as amended by the Supplemental Agreement and Further Supplemental Agreement); and (b) the escrow agent having received an joint written instruction from the Company and the Vendor's nominee instructing and authorizing the same.

As the Acquisition was completed on 30 September 2010, the Company is obligated to issue the Consideration Shares to the Vendor within two months after the Completion. In view of the Consideration Shares were held in escrow by the an escrow agent and the Consideration Shares will only be released upon the aforesaid conditions, the Directors consider not to withhold the Consideration Shares on 22 March 2011.

FINANCIAL EFFECTS OF ENTERING INTO THE SUPPLEMENTAL AGREEMENT, THE FURTHER SUPPLEMENTAL AGREEMENT, THE EQUITY TRANSFER AGREEMENT AND THE ASSETS PURCHASE AGREEMENT

Following (i) the passing of the relevant ordinary resolution(s) by the Shareholders at the SGM to approve the Supplemental Agreement and the Further Supplemental Agreement; and (ii) the completion of the Equity Transfer Agreement and the Assets Purchase Agreement, the Joint Venture Company will be deregistered and World Champion and the Zhongshan Company will each become an indirect non wholly-owned subsidiary of the Group and accordingly their respective financial statements would be consolidated into the accounts of the Group. According to the unaudited pro forma financial information of the Group as set out in Appendix V of this circular, the total assets of the Group would increase from HK$866,235,000 to HK$871,697,000 and the total liabilities of the Group would decrease from HK$364,556,000 to HK$318,397,000.

Based on the profit guarantees provided by the Vendor in respect of the Zhongshan Company, the Directors are of the view that it is expected there will be positive effects on the revenue and earnings of the Group.

CURRENT STATUS AND FUTURE PROSPECTS OF THE GROUP

Biodegradable material manufacturing business

As the previously selected location of the plant of the Joint Venture Company in Dongguan was not satisfactory and there were difficulties arising from preparation works coupled with problems such as supply of electricity and labour, the board of the Joint Venture Company decided to relocate the production plant to Zhongshan Port Economic and Technical Development Zone. Zhongshan Port Economic and Technical Development Zone is a national development zone, where their policies are more preferential. The road and maritime transports are more convenient and the production and local living auxiliary facilities are more comprehensive, which attract more advanced technology talents and management personnel, and the labour costs are also relatively lower.

The major production equipments which will be used are of a more advanced technology within the industry. The production equipments had been delivered to the plant one after another since May 2011 and all ordered equipments had been manufactured at the end of June 2011. The ordered equipments have undergone testing and were delivered to the plant at the end of July 2011 for installation and trial operation. The installation of around 40 sets of equipment has been completed and put into trial operation by the end of August 2011. It is expected that after full operation the Company would be able to produce 20,000 to 30,000 tons of biodegradable materials annually as well as environment-friendly downstream products of biodegradable materials including blowing and molding, injection, extrusion and foaming.

In view of the fact that China and the rest of the world are paying more attention to environmental protection and the requirements imposed under international and Chinese standards, the Company manufactures biodegradable resin and related downstream degradable environment-friendly products with sustainable raw materials such as tapioca flour, organic raw materials, straw and fiber. This project is in line with the Group's business plan to engage in the environment protection industry as processed biodegradable products can be decomposed into soil friendly substances by natural organism after being discarded. This shares the same business belief as that of the Group in developing environmental friendly paper and advocating for a low-carbon and recyclable economy.

The business plan from for the period between September 2011 and March 2012 is as follows:

(i) the installation and testing of the equipments shall be completed and the small scale production shall commence;

(ii) gradual expansion of the scale of production based on market conditions;

(iii) gradual establishment and enhancement of the production management system and quality control system;

(iv) upon finalising the product, the product shall be sent to the national testing center of the PRC, OWS testing organizations in Europe and the testing organizations in the United States of America where the relevant qualified certificate of the product is expected to be obtained;

(v) improving the human resources management, administration, sales management, financial management and warehouse management of the Company;

(vi) establishing ISO9001, ISO14001, ISO18001 management systems and strive to obtain such certifications;

(vii) establishing the research and development center for the Zhongshan Company, strengthening the cooperation with the universities and research institutions, and hiring senior experts as technical advisers to develop competitive new products;

(viii) reserving an adjacent land for the second phase development of the Zhongshan Company; and

(ix) developing a "first small and then big" market strategy according to the market conditions, in which, the Company will first build a professional sales team and streamline the production system to strengthen product awareness and carry out the relevant market development. Thereafter, the Company will subsequently focus on developing high quality corporate customers, such as large-scale manufacturing enterprise, large supermarkets and government development projects.

Paper manufacturing business

The Group acquired 51% equity interests in Shangdong Province Jining Gangning Paper Co. Ltd. ("Jining Gangning") in Shangdong Province in the PRC in July 2009. Hereafter, the Group started to re-engineer and modify the existing production line no.1. By late March in 2010, such technical upgrade and modification for existing production lines were completed and production lines were equipped with more advanced technologies such as automation, enhancement in production operation and moisture content and color contrast recognition in order to ensure product quality. In April 2010, the Group started to manufacture premium Grade "A" packaging paper board.

In line with the state policies on environmental protection, the Group invested in constructing environmental sewage water recycling facilities and achieved zero sewage water discharge to society by paper industry for protecting local natural environment, in respect of which the Group is in the lead in the industry in China. Jining Gangning's water treatment reconstruction project began in February 2011 and was completed and started running by September 2011, which has achieved water quality and environmental improvement, laying a solid foundation of the development of the new project.

The Group started to engineer paper manufacturing production line no.3 in the beginning of 2011. This is a tipping paper production line with sophisticated equipment and advanced technology, with which the Group can manufacture high-end and diversified speciality papers such as tobacco filter paper, medical packaging paper, tracing paper, bible paper, and transfer printing paper. The installation of principal equipment was basically completed by the end of June 2011 and the supporting equipment and auxiliary work was being installed and carried out. Trial production shall begin in September 2011 and normal production is expected to begin in October 2011.

To strengthen the ability to resist the rising cost of raw materials, the competitiveness in the market and corporate effectiveness, Jining Gangning suspended operation and commenced the modification of production line no.2 in April 2011. Jining Gangning completed the line's modification in the beginning of August 2011 and started to manufacture products such as construction formwork paper, and balance paper for engineered wood floor.

The paper manufacturing industry in China is facing the rising costs of energy, steam, water and different raw materials; the state revoked the preferential tax policy for recycled paper industry effective from January 2011, resulting in the significant increase in the purchasing cost of raw materials of paper per tonne as compared with last year; moreover, production line no.2 was suspended for modification, resulting in profit being significantly lower than expected.

Confronted with the ever rising energy prices and raw material prices in the PRC, the Group adopted three policies (the "three policies"): (1) moving into manufacturing diverse types of high class paper from manufacturing ordinary paper of a single category; (2) strengthening enterprise management, reinforcing cost control regarding production, supply and sales and striving to reduce the average level of consumption of energy and raw and accessory materials; and (3) searching for supply of recovered paper from China and international markets to relieve the effects brought by rising raw material prices, so as to ensure the capacity of the manufacturing plants would meet the gradually increasing demand and thus enterprise economic benefits could be raised.

The Group is more confident in Jining Gangning's development and shall continue to insist (i) on its work on environmental protection and maintaining the standard; (ii) on further investment in corporate's development to complete the trial production of production line no.3 and to engineer the new production line no.4 and no. 5 for speciality paper manufacturing on a timely basis; and (iii) on the modification for the technology of the manufacturing equipment of the plants and on developing the quality, variety and volume of products so as to enhance the economic benefits.

On top of developing the two aforesaid environment-friendly businesses, the Group will continue to search actively for attractive investments in environmental and recycling businesses in the PRC and globally with a view to developing the businesses of the Company and generating positive cash flow and earnings for the Group in the long-term.

RISK FACTORS FOR THE ACQUISITION

The following risk factors in relation to the Acquisition were stated in the Circular dated 17 June 2010, the Directors would like to draw the attention of the Shareholders to the following risk factors.

(i) Significant and continuous capital investment

The biodegradable materials manufacturing business requires significant and continuous capital investment, the operation costs may exceed the original budgets and may not achieve the intended economic results or commercial viability. Actual capital expenditures may significantly exceed the Company's budgets because of various factors beyond the Company's control, which in turn may affect the Company's financial condition.

If we are unsuccessful in raising additional capital or if new capital funding costs are higher than our prior capital funding costs, our business operations and our development programs may be materially and adversely impacted, with similar effects on our results of operations and financial condition.

(ii) New business segment of the Group

The Acquisition constitutes an investment in a new business sector, being biodegradable materials production. The new business may pose significant challenges to the Company's administrative, financial and operational resources. The Company has no relevant experience to run and manage the new business in the past and may rely heavily on the PRC Partners and other professionals for technical support.

(iii) Key qualified personnel and professionals for the operations

The business of biodegradable materials is operated by a team of professionals having the relevant experience and expertise. However, there is no assurance after the Acquisition that the Group could retain the professional or guarantee the parties will continue to provide services to the Group or will honour the agreed terms and conditions of their employment contracts. Any loss of key personnel or failure to recruit and retain personnel for the future operations and development may have a material adverse impact on the business.

(iv) Non-exclusivity of Intellectual Property

The Intellectual Property is crucial to the new business but is not exclusively licensed to the Joint Venture Company under the Patent License Agreement.

Besides, the Company depends, in large part, on PRC laws to protect its intellectual property rights, but this may not be sufficient to prevent any misappropriation of our intellectual property or to prevent our competitors from independently developing designs and technologies that are substantially similar to ours. Third parties may infringe our intellectual property rights and any efforts to enforce or defend our intellectual property rights may not be adequate, or may require significant attention from the Company's management and may be costly and the outcome of any legal actions to protect our intellectual property rights is uncertain.

If the Company is unable to adequately protect or safeguard our intellectual property rights, our business, financial condition, results of operations and prospects may be materially and adversely affected.

(v) Trade and Technology Competition

The business of biodegradable materials is operated in a competitive market and the intense competition faced by the Enlarged Group may result in a decline in the Company's market share and lower profit margins.

In addition, there is no assurance that the technology currently employed in production will not be replaced by new technologies and methods.

(vi) Reliance on limited customer

The results of the Group will be affected by its ability to continue to obtain orders from other customers upon expiration of the Master Agreement should there be no renewal of the same. There is no assurance that major customers of the Group will place orders with the Group, or their future orders will be at a comparable level or on similar terms as in the years when the Master Agreement are in effect. Should the Group fail to obtain placing orders from other customers upon expiration of the Master Agreement or the Group is unable to obtain orders at a comparable level, the Group's business and profitability in the long term could be adversely affected.

(vii) Laws and regulations

The business is subject to governmental regulations, policies and controls. There can be no assurance that the relevant government will not change such laws and regulations or impose additional or more stringent laws or regulations, or otherwise undesirable to future development of the biodegradable materials production business.

Apart from the above risk factors as stated in the Circular dated 17 June 2010, the Directors would like to draw the attention of the Shareholders to the following additional risk factor:

Vendor's obligation under Acquisition Agreement

Under the Acquisition Agreement as amended by the Supplemental Agreement and Further Supplemental Agreement, the Vendor has the obligation (i) to increase the total registered capital of the Zhongshan Company to not less than US$17,000,000 according to World Champion's 60% equity interest 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. If the Vendor fails to fulfill the aforesaid obligations, the Group's business operations and financial condition may be materially and adversely impacted.

In order to secure the Company's interest in relation to the aforesaid obligations of the Vendor, the Directors have considered the following factors: (i) the Purchaser reserves the right to demand for the refund of the Cash Consideration (as defined below); (ii) the Consideration Shares are deposited and escrowed in an escrow agent appointed by the Company and the Vendor's nominee; and (iii) 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 required.

Further to the Supplemental Agreement and the Further Supplemental Agreement, the Vendor has provided a documentary proof of funds on 20 June 2011, to confirm his financial availability to fulfill his aforesaid obligations.

INFORMATION ON THE JOINT VENTURE COMPANY

The Joint Venture Company was incorporated in 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 Latest Practicable Date, 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 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 *HK$'000*	For the period from 11 February 2010 (date of establishment) to 31 March 2010 *HK$'000*
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 Latest Practicable Date, 60% equity interest 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 *HK$'000*
Net asset/(liabilities) 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 Latest Practicable Date, 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 Latest Practicable Date, 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 Latest Practicable Date, 60% equity interest 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 interest in the Zhongshan Company to the PRC Partner. Therefore, the Company shall beneficially own 60% equity interest in the Zhongshan Company through World Champion and the PRC Partner shall own the remaining 40% equity interest. 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

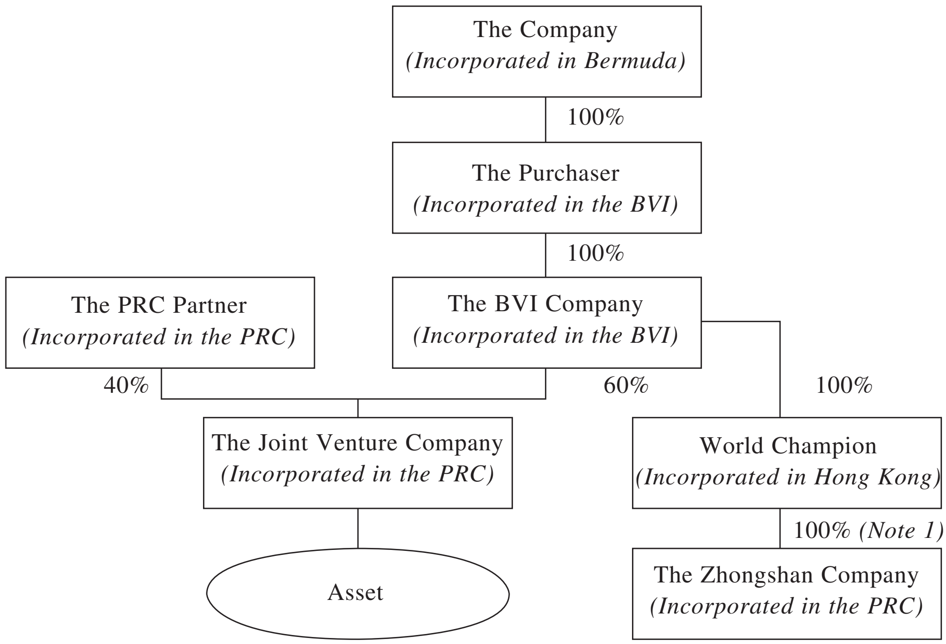
Set out below is a summary of the audited financial information of the Zhongshan Company for the period from 4 March 2011 (date of establishment) to 31 March 2011:

	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

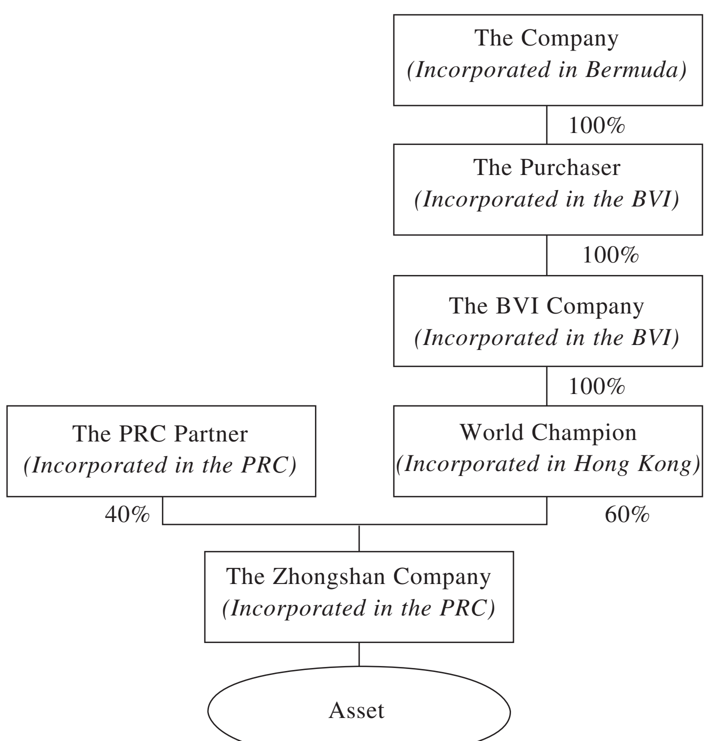
As at the Latest Practicable Date, the Company indirectly holds 60% equity interest in the Joint Venture Company, which holds assets relating to the biodegradable materials manufacturing business and the Intellectual Property. Upon completion of the Equity Transfer Agreement, the Asset Purchase Agreement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



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 interest of the Joint Venture Company under the Patent License Agreement to the Zhongshan Company



REASONS FOR ENTERING INTO THE SUPPLEMENTAL AGREEMENT AND 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 was of the view that the electricity supply of the proposed location was unstable and it was discovered that there was 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 set 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 accommodated more than 1,000 industrial enterprises. Among these enterprises, more than 500 were above designated scale, and approximately 20 were among the world's top 500. Seven national-level industrial bases had been set up on this development zone. Their foreign-exchange-earning capacity ranked 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.

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 which were 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 was 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 required, it is fair and reasonable for the Directors (including the independent non-executive Directors) to 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 of the Supplemental Agreement, 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.

PATENTS FOR LATEST TECHNOLOGIES FOR BIODEGRADABLE MATERIALS MANUFACTURING BUSINESS

For the purpose of maintaining the competitiveness of the Company in the biodegradable materials manufacturing business, the Directors hold the view that the Group will continue to search for the patent of the latest technologies in the biodegradable materials manufacturing business and will not exclude the possibility of further acquiring the patents of the said latest technologies.

GEM 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 pursuant to the GEM Listing Rules.

GENERAL

The SGM 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. As at the Latest Practicable Date, the Vendor and his associates hold 222,000,000 Shares, representing approximately 8.46% of the equity interest in the Company. Accordingly, the Vendor and his associates will be required to abstain from voting at the SGM in respect of the resolution 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 interest in the Supplemental Agreement, the Further Supplemental Agreement and the transactions contemplated thereunder is required to abstain from voting at the SGM.

If the resolution in respect of the Supplemental Agreement, the Further Supplemental Agreement and the transactions contemplated thereunder are not passed by the Shareholders by way of poll in the SGM, the Company will further negotiate with the Vendor for better terms and conditions and a further agreement will be entered into between the Company and the Vendor. Such further agreement, if any, will be approved by the Shareholders by way of poll in another special general meeting to be held by the Company. As the operation of the Zhongshan Company is in the stage of small scale production, no material impact will affect the trading and financial position of the Group.

SGM

A notice convening the SGM to be held at the Function Room of Macau Jokey Club, 1/F China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong at 11:00 a.m. on Wednesday, 2 November 2011 is set out from page 103 to 104 of this circular.

A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the SGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit it to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

The resolution proposed to be approved at the SGM will be taken by way of poll and an announcement will be made by the Company after the SGM regarding the results of the SGM.

RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the view that the terms of the Supplemental Agreement, the Further Supplemental Agreement and the transactions contemplated thereunder respectively are fair and reasonable, on normal commercial terms and the entering into of Supplemental Agreement and the Further Supplemental Agreement is in the interests of the Company and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favour of the ordinary resolution to approve the Supplemental Agreement, the Further Supplemental Agreement and the transactions contemplated thereunder respectively to be proposed at the SGM.

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

1. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for (i) the twelve months ended 31 March 2011 is set out on pages 35 to 158 of the annual report of the Company for the year ended 31 March 2011 published on 30 June 2011; (ii) the twelve months ended 31 March 2010 is set out on pages 29 to 100 of the annual report of the Company for the year ended 31 March 2010 published on 30 June 2010; and (iii) the twelve months ended 31 March 2009 is set out on pages 21 to 80 of the annual report of the Company for the year ended 31 March 2009 published on 29 June 2009. All of the above annual reports have been published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.long-success.hk).

2. UNAUDITED QUARTERLY FINANCIAL INFORMATION OF THE GROUP

The unaudited quarterly financial information of the Group for the three months ended 30 June 2011 is set out on pages 2 to 9 of the first quarterly report of the Company published on 12 August 2011. The aforesaid quarterly report of the Company has been published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.long-success.hk).

3. MATERIAL CHANGES

As at the Latest Practicable Date, the Directors confirm that there have been no material adverse changes in the financial or trading position of the Group since 31 March 2011, being the date to which the latest published audited consolidated accounts of the Group has been made up.

4. STATEMENT OF INDEBTEDNESS

Debt securities

As at the close of the business on 31 August 2011, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding unsecured and zero coupon convertible bonds with an aggregate principal amount of HK$18,000,000 convertible at an initial conversion price of HK$0.48 per share into a maximum of 37,500,000 shares and maturing on 29 September 2011. These convertible bonds were issued by the Company as part of the consideration paid for the very substantial acquisition which was completed on 1 July 2009 and details of which are disclosed in the Company's circular dated 14 May 2009.

As at the close of the business on 31 August 2011, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding unsecured convertible note with an aggregate principal amount of RMB70,000,000 (Equivalent to approximately HK$85,505,000) due five years from the closing date of 10 January 2011 with the right to convert the convertible note into 474,928,028 conversion shares at the accreted principal amount and the initial conversion price of HK$0.25 (subject to adjustments and reset) per conversion share. The conversion price of the convertible note was adjusted from HK$0.25 to HK$0.15 on 28 June 2011. The note bears interest at 6% per annum on the outstanding principal amount payable annually in arrears by the Company for each twelve months from the closing date and the unpaid interest shall be paid by the Company on the maturity date upon the redemption and conversion of the convertible note. The noteholder shall each be granted a put option to require the Company to redeem the convertible note (in multiples of RMB1,000,000) in cash in US$ at the US$ equivalent amount of their accreted principal amount a gross yield to maturity identical to that applicable in the case of redemption on the maturity date, being 13% per annum (calculated on an annual basis) at the particular put option payment date, together with accrued and unpaid interest to such date.

Bank loans and indebtedness

As at the close of the business on 31 August 2011, the Group had outstanding: (i) secured bank loans of approximately HK$32,370,000; and (ii) unsecured bank loans of approximately HK$42,587,000. The banks loans were secured by the Group's prepaid lease payment and buildings with net carrying values of approximately HK$19,852,000 and HK$41,512,000 respectively. In addition, the Group had restricted bank deposits of approximately HK$79,718,000 held to secure bank acceptance notes payable of approximately HK$109,642,000 arising from normal trade.

Contingent liabilities and guarantees

As of the close of business on 31 August 2011, the Group had no contingent liabilities and guarantees.

Disclaimer

Save as aforesaid and apart from intra-group liabilities and normal trade payables, the Group did not have, at the close of 31 August 2011, any further debt securities issued and outstanding, or authorized or otherwise created but unissued, or term loans or bank overdrafts, loans or other similar indebtedness, liabilities under acceptance or acceptance credits, debentures, mortgages, charges, obligations under hire purchase contracts or finance leases, guarantees, or other material contingent liabilities.

5. WORKING CAPITAL

The Directors are of the opinion that after the absence of unforeseen circumstances and after taking into account the financial resources available to the Group including the internally generated funds and present available banking facilities, the Group will have sufficient working capital for its present requirement that is for at least the next 12 months from the date of this circular.

Crowe Horwath

國富浩華 (香港) 會計師事務所有限公司
Crowe Horwath (HK) CPA Limited
Member Crowe Horwath International

34/F The Lee Gardens,
33 Hysan Avenue,
Causeway Bay, Hong Kong

The Board of Directors of
Long Success International (Holdings) Limited

Dear Sirs,

Introduction

We set out below our report on the financial information relating to Dongguan Jiu He Bioplastics Company Limited ("**Dongguan Jiu He**") including the statement of comprehensive income, the statement of changes in equity and the statement of cash flows of Dongguan Jiu He for the period from 11 February 2010 (date of establishment) to 31 March 2010 and year ended 31 March 2011 (the "**Relevant Period**"), for inclusion in the circular of Long Success International (Holdings) Limited ("**Long Success**") dated 30 September 2011 (the "**Circular**") in connection with the supplemental agreement dated 28 March 2011 and the further supplemental agreement dated 27 September 2011, entered into between Fast Rise Development Limited (being the intermediate holding company of Dongguan Jiu He) and the vendor, in relation to the acquisition of Ever Stable Holdings Limited (being the immediate holding company of Dongguan Jiu He).

Dongguan Jiu He was established with limited liability in the People's Republic of China on 11 February 2010 as a wholly-owned foreign enterprise. During the Relevant Period and up to the date of this report, the principal activity of Dongguan Jiu He is development, production and sales of biodegradable materials and related products.

As the date of this report, no audited financial statements have been prepared for Dongguan Jiu He.

The directors of Dongguan Jiu He have prepared the financial statements of Dongguan Jiu He for the Relevant Period in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "Underlying Financial Statements").

The Financial Information has been prepared by the directors of the Dongguan Jiu He based on the Underlying Financial Statements, with no adjustments made thereon and in accordance with the applicable disclosure provisions of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Growth Enterprises Market of the Stock Exchange of Hong Kong Limited (the "GEM Listing Rules").

Respective responsibilities of directors and reporting accountants

The directors of Dongguan Jiu He are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with HKFRSs issued by the HKICPA, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the GEM Listing Rules, and for such internal control as the directors of Dongguan Jiu He determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

Our responsibility is to form an opinion on the Financial Information based on our procedures.

Basis of opinion

For the purpose of this report, we have performed our independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and have carried out such appropriate procedures as we considered necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

We have not audited any financial statements of Dongguan Jiu He in respect of any period subsequent to 31 March 2011.

Opinion

In our opinion, for the purpose of this report and on the basis of preparation as set out below, the Financial Information, gives a true and fair view of the state of affairs of Dongguan Jiu He as at 31 March 2011 and 2010 and of the results and cash flow of Dongguan Jiu He for the Relevant Period.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1.2(b) of Section II below in respect of the appropriateness of the going concern basis used in the preparation of the Financial Information, which indicates Dongguan Jiu He had incurred loss for the period from 11 February 2010 (date of establishment) to 31 March 2010 and year ended 31 March 2011 of approximately HK$99,000 and HK$4,221,000 respectively. In addition, Dongguan Jiu He had net current liabilities of approximately HK$30,561,000 at 31 March 2011.

Crowe Horwath (HK) CPA Limited
Certified Public Accountants

Hong Kong, 30 September 2011

Lau Kwok Hung
Practising Certificate No.: P04169

I. FINANCIAL INFORMATION

A. Statement of comprehensive income

	Section II Note	Year ended 31 March 2011 HK$'000	Period from 11 February 2010 (date of establishment) to 31 March 2010 HK$'000
REVENUE	3	–	–
Administrative expenses		(4,221)	(99)
(Loss) before taxation	5	(4,221)	(99)
Income tax	8	–	–
(LOSS) FOR THE YEAR/PERIOD		(4,221)	(99)
OTHER COMPREHENSIVE INCOME			
Exchange differences on translating to presentation currency		685	(8)
Other comprehensive income/(expenses), net of tax		685	(8)
TOTAL COMPREHENSIVE EXPENSES FOR THE YEAR/PERIOD		(3,536)	(107)

B. Statement of financial position

	Section II Note	At 31 March 2011 HK$'000	At 31 March 2010 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	4,021	–
Intangible assets	10	49,788	–
		53,809	–
CURRENT ASSETS			
Deposit and prepayment and other receivable		894	–
Amount due from a fellow subsidiary	11	14,272	–
Cash and cash equivalents	12	432	7,731
		15,598	7,731
CURRENT LIABILITIES			
Amount due to a shareholder	11	46,159	–
Accruals		–	113
		46,159	113
NET CURRENT (LIABILITIES)/ASSETS		(30,561)	7,618
NET ASSETS		23,248	7,618
CAPITAL AND RESERVES			
Paid in capital	14	26,891	7,725
Reserves		(3,643)	(107)
TOTAL EQUITY		23,248	7,618

C. Statement of changes in equity

	Paid in capital *HK$'000*	Exchange reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
Capital contribution	7,725	–	–	7,725
Loss for the period	–	–	(99)	(99)
Other comprehensive expenses	–	(8)	–	(8)
Total comprehensive expenses for the period	–	(8)	(99)	(107)
Balance at 31 March 2010	7,725	(8)	(99)	7,618
Balance at 1 April 2010	7,725	(8)	(99)	7,618
Loss for the year	–	–	(4,221)	(4,221)
Other comprehensive income	–	685	–	685
Total comprehensive expenses for the year	–	685	(4,221)	(3,536)
Addition capital contribution	19,166	–	–	19,166
Balance at 31 March 2011	26,891	677	(4,320)	23,248

D. Statement of cash flows

	Section II Note	Year ended 31 March 2011 HK$'000	Period from 11 February 2010 (date of establishment) to 31 March 2010 HK$'000
Operating activities			
Loss before taxation		(4,221)	(99)
Amortisation		1,857	–
Depreciation		232	–
Loss on disposal of property, plant and equipment		802	–
Net foreign exchange loss		318	–
		(1,012)	(99)
Changes in working capital			
(Increase) in deposit and prepayment and other receivable		(894)	–
(Increase) in amount due from a fellow subsidiary		(14,272)	–
(Decrease)/increase in accruals		(113)	113
Cash (used in)/generated from operations		(16,291)	14
Income tax paid		–	–
Net cash (used in)/generated from operations		(16,291)	14
Investing activities			
Acquisition of property, plant and equipment		(1,131)	–
Acquisition of intangible assets		(6,237)	–
Net cash (used in) investing activities		(7,368)	–
Financing activities			
Proceeds from capital contribution		19,166	7,725
Advance to a shareholder		(3,223)	–
Net cash generated from financing activities		15,943	7,725
Net (decrease)/increase in cash and cash equivalents		(7,716)	7,739
Cash and cash equivalents at the beginning of the year/period		7,731	–
Effect of foreign exchange rate changes		417	(8)
Cash and cash equivalents at the end of the year/period	12	432	7,731

II. NOTES TO THE FINANCIAL INFORMATION

1.1 GENERAL INFORMATION

Dongguan Jiu He Bioplastics Company Limited ("Dongguan Jiu He") is a limited liability company domiciled and established in the People's Republic of China.

The address of its registered office and principle place of business is situated at 中國廣東省東莞市松山湖科技產業園北部工業城中小科技企業創業園第14棟第3層. Its principal activities are development, production and sales of biodegradable materials and related products.

1.2 SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The Financial Information set out in this report have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. A summary of the significant accounting policies adopted by Dongguan Jiu He is set out below.

The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing the Financial Information, Dongguan Jiu He has adopted all these new and revised HKFRSs to the Relevant Period, except for any new standards or interpretations that are not yet effective for the accounting period ended 31 March 2011. The new and revised accounting standards and interpretations issued but not yet effective for the accounting period ended 31 March 2011 are set out in note 20.

The Financial Information are presented in Hong Kong Dollars ("HK$"). The functional currency of Dongguan Jiu He is Renminbi ("RMB").

b) Basis of preparation of the Financial Information

Dongguan Jiu He had incurred loss for the period from 11 February 2010 (date of establishment) to 31 March 2010 and year ended 31 March 2011 of approximately HK$99,000 and HK$4,221,000 respectively and as of 31 March 2011, Dongguan Jiu He's current liabilities exceeds its current assets by approximately HK$30,561,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt about Dongguan Jiu He's ability to continue as a going concern.

Having regard to the continuing financial support received from ultimate holding company of Dongguan Jiu He, the directors of Dongguan Jiu He are of the opinion that Dongguan Jiu He is able to continue as a going concern and to meet its obligations in full as and when they fall due. Accordingly, the directors consider it appropriate to prepare the Financial Information on a going concern basis.

The measurement basis used in the preparation of the Financial Information is the historical cost basis.

The preparation of Financial Information in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the Financial Information and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

c) Property, plant and equipment

Property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and impairment losses (see note 1.2(d)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net proceeds on disposal and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Property, plant and equipment are depreciated at rates sufficient to write off their cost less their estimate residual value, if any, and their accumulated impairment loss over estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Motor vehicles	25%
Plant and machinery	10%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

d) Impairment of assets

i) Impairment of financial assets

Financial assets that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of Dongguan Jiu He about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective company.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When Dongguan Jiu He is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the asset's recoverable amount is estimated. In addition, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of assets, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

e) Other receivables

Other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivable are stated at cost less allowance for impairment of doubtful debts (see note 1.2(d)).

f) Other payables

Other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

g) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

h) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary difference, provided that those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, Dongguan Jiu He controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are not discounted. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if Dongguan Jiu He has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, Dongguan Jiu He intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

– the same taxable entity; or

– different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

i) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to Dongguan Jiu He and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

Interest income

Interest income is recognised as it accrues using the effective interest method.

j) Related parties

For the purposes of these Financial Information, a party is considered to be related to Dongguan Jiu He if:

i) the party has the ability, directly or indirectly through one or more intermediaries, to control Dongguan Jiu He or exercise significant influence over Dongguan Jiu He in making financial and operating policy decisions, or has joint control over Dongguan Jiu He;

ii) Dongguan Jiu He and the party are subject to common control;

iii) the party is an associate of Dongguan Jiu He or a joint venture in which Dongguan Jiu He is a venturer;

iv) the party is a member of key management personnel of Dongguan Jiu He or Dongguan Jiu He's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals; or

v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals, or

vi) the party is a post-employment benefit plan which is for the benefit of employees of Dongguan Jiu He or of any entity that is a related party of Dongguan Jiu He.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

k) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Hong Kong dollars at the foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

l) Segment information

Operating segments, and the amount of each segment item reported in the financial information are identified from the financial information provided regularly to the Directors of Dongguan Jiu He, being the chief operating decision maker, for the purpose of allocating resources to, and assessing the performance of, Dongguan Jiu He's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

m) Intangible assets

Other intangible assets that are acquired by Dongguan Jiu He are stated in the statement of financial position at cost less accumulated amortization and impairment losses (see note 1.2(d)).

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives, as follows:

Right to use of patents	10 – 15 years

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

2. ACCOUNTING ESTIMATES AND JUDGEMENTS

a) Key sources of estimation uncertainty

In the process of applying Dongguan Jiu He's accounting policies which are described in note 1.2, management has made certain key assumptions concerning the future, and other key sources of estimated uncertainty at the end of reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as discussed below.

i) Impairment of property, plant and equipment

The recoverable amount of an asset is the higher of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discontinued to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset, which requires significant judgement relating to the level of revenue and amount of operating cost. Dongguan Jiu He uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and operating costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods.

ii) Impairment of receivables

Dongguan Jiu He maintains impairment allowance for doubtful accounts based upon evaluation of the recoverability of the trade receivable and other receivables, where applicable, at the end of each reporting period. The estimates are based on the ageing of the trade receivable and other receivables balances and the historical write-off experience, net of recoveries. If the financial condition of the debtors were to deteriorate, additional impairment allowance may be required.

iii) Impairment of intangible assets

Intangible assets on the right of using two patents of intellectual property are reviewed for impairment whenever events or changes in circumstances in accordance with HKAS 36. The recoverable amounts have been determined based on fair value less costs to sell calculations. These calculations require the use of estimates. In determining the fair value less costs to sell, expected cash flows generated from the use of the rights are discounted to their present value, which requires significant judgement relating to the level of volume of air time being sold, selling price and amount of operating costs. Dongguan Jiu He uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sales volume, selling price and operating costs. Had the actual results been different from the management's estimate, the exclusive advertising agency rights might result in impairment.

b) Critical accounting judgements in applying Dongguan Jiu He's accounting policies

In determining the carrying amounts of some assets and liabilities, Dongguan Jiu He makes assumptions for the effects of uncertain future events on those assets and liabilities at the end of reporting period. These estimates involve assumptions about such items as cash flows and discount rates used. Dongguan Jiu He's estimates and assumptions are based on historical experience and expectations of future events and are reviewed periodically. In addition to assumptions and estimations of future events, judgements are also made during the process of applying Dongguan Jiu He's accounting policies.

i) Income taxes

Dongguan Jiu He is subject to the PRC enterprise income tax. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Dongguan Jiu He recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

3. REVENUE

The principal activity of Dongguan Jiu He during the year was development, production and sales of biodegradable materials and related products. It did not derive any income from its principal activity during the Relevant Period.

4. SEGMENT INFORMATION

Dongguan Jiu He has only one single reportable segment which is development, production and sales of biodegradable materials and related products. Accordingly, no segment analysis is presented.

5. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	Year ended 31 March 2011 *HK$'000*	Period from 11 February 2010 (date of establishment) to 31 March 2010 *HK$'000*
a) Staff costs: (including directors' remuneration)		
Contributions to defined contribution retirement plan	–	–
Salaries, wages and other benefits	231	–
	231	–
b) Others		
Amortisation	1,857	–
Depreciation	232	–
Loss on disposal of property, plant and equipment	802	–
Net foreign exchange loss	318	–

6. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

	Year ended 31 March 2011 *HK$'000*	Period from 11 February 2010 (date of establishment) to 31 March 2010 *HK$'000*
Fees	–	–
Other emoluments	–	–
	–	–

7. LOSS PER SHARE

No loss per share information is presented as Dongguan Jiu He is not a company incorporated having the liability of its members limited by number of shares.

8. INCOME TAX IN THE STATEMENT OF COMPREHENSIVE INCOME

a) Dongguan Jiu He is subject to the PRC enterprise income tax rate at 25% during the Relevant Period. No PRC enterprise income tax has been provided for in the Financial Information as Dongguan Jiu He has no assessable profits during the Relevant Period.

b) Reconciliation between tax expense and accounting loss at applicable tax rates:

	Year ended 31 March 2011 *HK$'000*	Period from 11 February 2010 (date of establishment) to 31 March 2010 *HK$'000*
Loss before taxation	(4,221)	(99)
Tax at the statutory rate of 25% (2010: 25%)	(1,055)	(25)
Tax effect of expenses not deductible for tax	1,055	25
Tax expenses	–	–

9. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles *HK$'000*	Leasehold improvement *HK$'000*	Plant and equipment *HK$'000*	Total *HK$'000*
Cost				
At 11 February 2010 and 31 March 2010	–	–	–	–
Additions	329	802	3,930	5,061
Disposals	–	(802)	–	(802)
At 31 March 2011	329	–	3,930	4,259
Accumulated depreciation				
At 11 February 2010 and 31 March 2010	–	–	–	–
Charge for the year	40	–	192	232
Exchange realignment	1	–	5	6
At 31 March 2011	41	–	197	238
Net book value				
At 31 March 2011	288	–	3,733	4,021
At 31 March 2010	–	–	–	–

10. INTANGIBLE ASSETS

	HK$'000
Cost	
At 11 February 2010 and 31 March 2010	–
Additions	51,689
At 31 March 2011	51,689
Accumulated depreciation	
At 11 February 2010 and 31 March 2010	–
Charge for the year	1,857
Exchange realignment	44
At 31 March 2011	1,901
Net book value	
At 31 March 2011	49,788
At 31 March 2010	–

Intangible assets represents the right to use two patents of intellectual property in relation to biodegradable materials as licensed by the non-controlling interests of Dongguan Jiu He pursuant to the patent license agreement for the development and production of biodegradable products.

The patents have finite useful lives and are amortised on a straight-line basis over 10 to 15 years, being the term of the patent use right or the operating period as per business license of Dongguan Jiu He whichever is a shorter period.

11. AMOUNT DUE FROM/(TO) FELLOW SUBSIDIARIES AND A SHAREHOLDER

The amounts due are unsecured, interest-free and repayable on demand.

12. CASH AND CASH EQUIVALENTS

	At 31 March 2011	At 31 March 2010
	HK$'000	HK$'000
Cash at bank and on hand	432	7,731
Cash and cash equivalents in the statement of financial position and the statement of cash flows	432	7,731

At the end of the reporting period, the cash and bank balances of Dongguan Jiu He, which are denominated in Renminbi ("RMB"), amounted to approximately HK$102,000. RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Regulations, Dongguan Jiu He is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

13. DEFERRED TAXATION

There were no significant unrecognised deferred tax assets and liabilities as at 31 March 2011 and 2010.

14. CAPITAL AND RESERVES

(a) Registered capital

	At 31 March 2011 Equivalent to *HK$'000*	At 31 March 2010 Equivalent to *HK$'000*
Registered capital of US$17,000,000 (2010: US$1,000,000)	132,260	7,725

Paid up capital:	*US$*	Equivalent to *HK$'000*
Balances at 11 February 2010	–	–
Capital contribution	1,000,000	7,725
Balances at 31 March 2010	1,000,000	7,725
Capital contribution	2,440,000	19,166
Balances at 31 March 2011	3,440,000	26,891

(b) Capital Management

Dongguan Jiu He's objectives when managing capital are to safeguard Dongguan Jiu He's ability as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, Dongguan Jiu He will balance its overall capital structure through the payment of dividends, new capital contribution as well as the issue of new debt or the redemption of existing debt as it sees fit and appropriate.

During the Relevant Period, Dongguan Jiu He monitors capital using a gearing ratio which is Dongguan Jiu He's total liabilities over its total assets. Dongguan Jiu He's policy is to keep the gearing ratio at a reasonable level. The gearing ratios at 31 March 2011 and 2010 is as follows:

	At 31 March 2011 *HK$'000*	At 31 March 2010 *HK$'000*
Total liabilities	46,159	113
Total assets	69,407	7,731
Gearing ratio	67%	1.5%

Dongguan Jiu He was not subject to any externally imposed capital requirements.

15. MATERIAL RELATED PARTY TRANSACTIONS

Dongguan Jiu He has entered into the following material related party transactions.

a) Key management personnel remuneration

All members of key management personnel are the directors of Dongguan Jiu He, and the remuneration for them is disclosed in note 6.

b) Transactions with other related parties

During the Relevant Period, Dongguan Jiu He had the following related party transactions:

Related parties	**Nature of transactions**	**As 31 March 2011**	**As 31 March 2010**
		HK$'000	*HK$'000*
Fellow subsidiaries	Finance out	14,272	–

The directors of Dongguan Jiu He are of the opinion that the above transactions were entered into on terms mutually agreed.

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial assets and financial liabilities are disclosed in note 1.2.

Financial assets

Dongguan Jiu He has classified the following financial assets under the category of "loans and receivables":

	At 31 March 2011	**At 31 March 2010**
	HK$'000	*HK$'000*
Amounts due from fellow subsidiaries	14,272	–
Cash and cash equivalents	432	7,731
	14,704	7,731

Financial liabilities

Dongguan Jiu He has classified the following financial liabilities under the category of "financial liabilities at amortised cost":

	At 31 March 2011	**At 31 March 2010**
	HK$'000	*HK$'000*
Amount due to a shareholder	46,159	–
Accruals	–	113
	46,159	113

Financial risk management objectives and policies

Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include credit risk, liquidity risk, currency risk and interest rate risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

a) Credit risk

i) As at 31 March 2011 and 2010, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance.

ii) The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

iii) Dongguan Jiu He's concentration of credit risk is on advances to fellow subsidiaries. The management of Dongguan Jiu He has closely monitored and reviewed the recoverability of the amounts and the directors of Dongguan Jiu He considered such risk is considered manageable.

b) Liquidity risk

Dongguan Jiu He's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient amount of cash to meet its liquidity requirements in a short and longer term.

The following liquidity table set out the remaining contractual maturities at the end of the reporting period of Dongguan Jiu He's non-derivative financial liabilities based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date Dongguan Jiu He required to pay.

At 31 March 2011

	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total contractual undiscounted cash outflows**	**Carrying amount**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amount due to a shareholder	46,159	–	–	–	46,159	46,159

At 31 March 2010

	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total contractual undiscounted cash outflows**	**Carrying amount**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Accruals	113	–	–	–	113	113

c) *Currency risk*

Dongguan Jiu He does not have foreign currency risk exposure arising from its income and expenditure as these transactions are mainly carried out in Renminbi (the functional currency of Dongguan Jiu He). Accordingly, no sensitivity analysis is prepared.

d) *Interest rate risk*

Dongguan Jiu He has exposure on cash flow interest rate which is mainly arising from its deposit with banks. The directors considered that the impact is insignificant. Accordingly, no sensitivity analysis is prepared.

e) *Fair values measurements recognized in the statement of financial position*

The carrying amounts of Dongguan Jiu He's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 March 2011 and 2010.

17. ULTIMATE AND IMMEDIATE HOLDING COMPANIES

At 31 March 2011, the directors consider the immediate and ultimate holding company to be Ever Stable Holdings Limited, a company incorporated in the British Virgin Islands and Long Success International (Holdings) Limited, a company incorporated in Bermuda respectively. The ultimate holding company has produced financial statements available for public use.

18. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for Dongguan Jiu He in respect of any period subsequent to 31 March 2011.

19. EVENT AFTER REPORTING PERIOD

Pursuant to a further supplemental agreement entered into between Fast Rise Development Limited (the intermediate holding company of Dongguan Jiu He) and a vendor dated 27 September 2011, Ever Stable Holdings Limited (the immediate holding company of Dongguan Jiu He) and Guangdong Shangjiu Biodegradable Plastics Company Limited (the non-controlling interest of Dongguan Jiu He) have agreed to deregister Dongguan Jiu He upon the completion of an equity transfer agreement in relation to the transfer of 40% equity interest in the Zhongshan Jiu He Bioplastic Company Limited (the fellow subsidiary of Dongguan Jiu He) to Guangdong Shangjiu Biodegradable Plastics Company Limited.

20. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2011

Up to the date of issue of these Financial Information, the HKICPA has issued the following amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2011 and which have not been adopted in these Financial Information.

Dongguan Jiu He has not early applied any of the following new and revised Standards, Amendments or Interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKFRS 1 (Amendments)	Limited Exemptions from Comparative HKFRS 7 Disclosures for First-time Adopters[2]
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[3]
HKFRS 7 (Amendments)	Disclosures – Transfer of Financial Assets[3]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair value measurement[4]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 24 (as revised in 2009)	Related Party Disclosures[6]
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[6]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

[1] Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.
[2] Effective for annual periods beginning on or after 1 July 2010.
[3] Effective for annual periods beginning on or after 1 July 2011.
[4] Effective for annual periods beginning on or after 1 January 2013.
[5] Effective for annual periods beginning on or after 1 January 2012.
[6] Effective for annual periods beginning on or after 1 January 2011.

Dongguan Jiu He is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on Dongguan Jiu He's results of operations and financial position.

Management discussion and analysis of the Joint Venture Company

The Joint Venture Company did not record any revenue during the period from its establishment to 31 March 2011. No production and sales of biodegradable materials was carried out by the Joint Venture Company during the period from its establishment to 31 March 2011 as the previously selected location of the plant in Dongguan was not satisfactory and there were difficulties arising from preparation works relating to objective problems such as supply of electricity and labour, the board of the Joint Venture Company decided to transfer the plant to Zhongshan Port Economic and Technical Development Zone. The net loss of the Joint Venture Company was approximately HK$4,221,000 and HK$99,000 for the period from 1 April 2010 to 31 March 2011 and for the period from 11 February 2010 to 31 March 2010 respectively. The net loss for these two periods was mainly due to the administrative and operating expenses.

國富浩華 (香港) 會計師事務所有限公司
Crowe Horwath (HK) CPA Limited
Member Crowe Horwath International

34/F The Lee Gardens,
33 Hysan Avenue,
Causeway Bay, Hong Kong

The Board of Directors of
Long Success International (Holdings) Limited

Dear Sirs,

INTRODUCTION

We set out below our report on the financial information relating to World Champion Investments Limited ("**World Champion**") including the statement of comprehensive income, the statement of changes in equity and the statement of cash flow of World Champion for the period from 23 December 2010 (date of incorporation) to 31 March 2011 (the "**Relevant Period**") and the statement of financial position of World Champion as at 31 March 2011, together with the explanatory notes thereto (the "Financial Information"), for inclusion in the circular of Long Success International (Holdings) Limited ("**Long Success**") dated 30 September 2011 (the "**Circular**") in connection with the supplemental agreement dated 28 March 2011 and the further supplemental agreement dated 27 September 2011, entered into between Fast Rise Development Limited (being the intermediate holding company of World Champion) and the vendor, in relation to the acquisition of Ever Stable Holdings Limited (being the immediate holding company of World Champion).

World Champion was incorporated with limited liability in Hong Kong on 23 December 2010. During the Relevant Period and up to the date of this report, the principal activity of World Champion is investment holding.

As the date of this report, no audited financial statements have been prepared for World Champion.

The directors of World Champion have prepared the financial statements of World Champion for the Relevant Period in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "Underlying Financial Statements").

The Financial Information has been prepared by the directors of the World Champion based on the Underlying Financial Statements, with no adjustments made thereon and in accordance with the applicable disclosure provisions of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Growth Enterprise Market of the The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules").

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND REPORTING ACCOUNTANTS

The directors of the World Champion are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with HKFRSs issued by the HKICPA, the requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the GEM Listing Rules, and for such internal control as the directors of World Champion determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

Our responsibility is to form an opinion on the Financial Information based on our procedures.

BASIS OF OPINION

For the purpose of this report, we have performed our independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and have carried out such appropriate procedures as we considered necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

We have not audited any financial statements of World Champion in respect of any period subsequent to 31 March 2011.

OPINION

In our opinion, for the purpose of this report and on the basis of preparation as set out below, the Financial Information, gives a true and fair view of the state of affairs of World Champion as at 31 March 2011 and of the results and cash flow of World Champion for the Relevant Period.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to Note 1.2(b) of Section II below in respect of the appropriateness of the going concern basis used in the preparation of the Financial Information, which indicates World Champion had incurred loss for the period of approximately HK$37,000, net current liabilities of approximately HK$3,037,000 as at 31 March 2011 and a deficit of shareholders' fund of approximately HK$37,000 as at 31 March 2011.

Crowe Horwath (HK) CPA Limited
Certified Public Accountants

Hong Kong, 30 September 2011

Lau Kwok Hung
Practising Certificate No.: P04169

1. FINANCIAL INFORMATION

A. Statement of comprehensive income

	Section II *Note*	Period from 23 December 2010 (date of incorporation) to 31 March 2011 *HK$'000*
REVENUE	3	–
Administrative expenses		37
Loss before taxation	5	(37)
Income tax	7	–
Loss and total comprehensive expenses for the period attributable to owner of World Champion		(37)
(Loss) per share		
– Basic and diluted	8	(37)

B. Statement of financial position

	Section II *Note*	At 31 March 2011 *HK$'000*
NON-CURRENT ASSET		
Investment in a subsidiary	9	3,000
CURRENT ASSETS		
Other receivable	10	2,000
Cash and bank balances		100
		2,100
CURRENT LIABILITIES		
Accruals		36
Amount due to ultimate holding company	11	5,101
		5,137
NET CURRENT LIABILITIES		(3,037)
NET LIABILITIES		(37)
CAPITAL AND RESERVES		
Share capital	13	–
Accumulated losses		(37)
TOTAL EQUITY		(37)

C. Statement of changes in equity

	Share capital *HK$'000*	Accumulated losses *HK$'000*	Total equity *HK$'000*
Balance at 23 December 2010 (date of incorporation)	–	–	–
Issue of share upon incorporation (section II note 13)	–	–	–
Loss and total comprehensive expenses for the period	–	(37)	(37)
Balance at 31 March 2011	–	(37)	(37)

D. Statement of cash flows

	Period from 23 December 2010 (date of incorporation) to 31 March 2011
	HK$'000
Operating activities	
Loss before taxation and operating loss before changes in working capital	(37)
Changes in working capital	
(Increase) in other receivable	(2,000)
Increase in accruals	36
Increase in amount due to ultimate holding company	5,101
Net cash generated from operation	3,100
Investing activities	
Investment in a subsidiary	(3,000)
Net cash (used in) investing activities	(3,000)
Net increase in cash and cash equivalents	100
Cash and cash equivalents at the beginning of the period	–
Cash and cash equivalents at the end of the period	100
Analysis of balances of cash and cash equivalents	
Cash and bank balances	100

II. NOTES TO THE FINANCIAL INFORMATION

1.1 GENERAL INFORMATION

World Champion Investments Limited ("World Champion") is a limited liability company domiciled and incorporated in Hong Kong.

The address of its registered office and principle place of business is situated at 26/F, EIB Centre, 40-44 Bonham Strand, Sheung Wan, Hong Kong. Its principal activity is investment holding. The principal activity of its subsidiary is set out in Note 9.

1.2 SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The Financial Information set out in this report have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. A summary of the significant accounting policies adopted by World Champion is set out below.

The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing the Financial Information, World Champion has adopted all these new and revised HKFRSs to the Relevant Period, except for any new standards or interpretations that are not yet effective for the accounting period ended 31 March 2011. The new and revised accounting standards and interpretations issued but not yet effective for the accounting period ended 31 March 2011 are set out in Note 19.

b) Basis of preparation of the financial information

World Champion incurred loss for the period from 23 December 2010 (date of incorporation) to 31 March 2011 of approximately HK$37,000 and as of that date, the company's liabilities exceeded its assets by HK$37,000 and had net current liabilities of approximately HK$3,037,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the World Champion's ability to continue as a going concern.

Having regard to the continuing financial support received from ultimate holding company of World Champion, the directors of World Champion are of the opinion that the company is able to continue as a going concern and to meet its obligations in full as and when they fall due. Accordingly, the directors consider it appropriate to prepare the Financial Information on a going concern basis.

World Champion is a wholly owned subsidiary of another body corporate and therefore, in accordance with section 124(2)(a) of the Hong Kong Companies Ordinance, is not required to prepare group financial statements.

For the purpose of compliance with sections 122 and 123 of the Hong Kong Companies Ordinance, the Financial Information have been prepared to present a true and fair view of the state of affairs and profit or loss of the company only. Consequently, they have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs, which term collectively includes Hong Kong Accounting Standards and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance which apply to the preparation of separate unconsolidated financial statements.

In accordance with the criteria set out in paragraph 10 of Hong Kong Accounting Standard 27, Consolidated and separate financial statements, the company is exempt from the preparation of consolidated financial statements for its investment in subsidiary as Long Success International (Holdings) Limited, the ultimate parent of World Champion produces consolidated financial statements in accordance with Hong Kong Financial Reporting Standards which are available for public use. Long Success International (Holdings) Limited is incorporated in Bermuda and its shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and its consolidated financial statements are published on the website of the Stock Exchange (www.hkex.com.hk) and the website of Long Success International (Holdings) Limited (www.long-success.hk). Consequently, the Financial Information does not give all the information about the economic activities of the group of which the company is the parent which would have been disclosed had World Champion prepared consolidated financial information.

Hong Kong dollar is the company's function and presentation currency. The Financial Information are presented in Hong Kong dollars ("HK$"), rounded to the nearest thousand except when otherwise indicated.

The measurement basis used in the preparation of the Financial Information is the historical cost basis.

The preparation of Financial Information in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial information and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

c) Subsidiaries

Subsidiaries are entities controlled by World Champion. Control exists when the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Interest in subsidiaries is stated at cost less impairment losses (see note 1.2(d)). The result of the subsidiaries is account for at the basis of dividend received and receivable.

d) Impairment of assets

i) Impairment of financial assets

Financial assets that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of World Champion about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective company.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When World Champion is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the asset's recoverable amount is estimated. In addition, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of assets, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

e) Other receivables

Other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivable are stated at cost less allowance for impairment of doubtful debts (see note 1.2(d)).

f) Other payables

Other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

g) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

h) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary difference, provided that those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, World Champion controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if World Champion has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, World Champion intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

– the same taxable entity; or

– different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

i) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to World Champion and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

Interest income

Interest income is recognised as it accrues using the effective interest method.

j) Related parties

For the purposes of the financial information, a party is considered to be related to World Champion if:

i) the party has the ability, directly or indirectly through one or more intermediaries, to control World Champion or exercise significant influence over World Champion in making financial and operating policy decisions, or has joint control over World Champion;

ii) World Champion and the party are subject to common control;

iii) the party is an associate of World Champion or a joint venture in which World Champion is a venturer;

iv) the party is a member of key management personnel of World Champion or World Champion's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals; or

v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals, or

vi) the party is a post-employment benefit plan which is for the benefit of employees of World Champion or of any entity that is a related party of World Champion.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

k) Translation of foreign currencies

Foreign currency transactions during the Relevant Period are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

l) Segment reporting

Operating segments, and the amount of each segment item reported in the financial information are identified from the financial information provided regularly to the Board of Directors of the Company, being the chief operating decision maker, for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2. ACCOUNTING ESTIMATES AND JUDGEMENTS

a) Key sources of estimation uncertainty

In the process of applying World Champion's accounting policies which are described in note 1.2, management has made certain key assumptions concerning the future, and other key sources of estimated uncertainty at the end of reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as discussed below.

i) Impairment of receivables

World Champion maintains impairment allowance for doubtful accounts based on evaluation of the recoverability of other receivables, where applicable, at the end of each reporting period. The estimates are based on the ageing of the other receivables balances and the historical write-off experience, net of recoveries. If the financial condition of the receivables were to deteriorate, additional impairment allowance may be required.

3. REVENUE

The principal activity of World Champion during the period was investment holding. It did not derive any income from its principal activity during the Relevant Period.

4. SEGMENT INFORMATION

World Champion has only one single reportable segment which is investment holding. Accordingly, no segment analysis is presented.

5. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	Period from 23 December 2010 (date of incorporation) to 31 March 2011
	HK$'000
Auditors' remuneration	15

i) World Champion does not have any employees, and accordingly, no staff related costs have been incurred during the Relevant Period.

6. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

	Period from 23 December 2010 (date of incorporation) to 31 March 2011 *HK$'000*
Fees	–
Other emoluments	–
	–

7. INCOME TAX IN THE STATEMENT OF COMPREHENSIVE INCOME

a) World Champion is subject to Hong Kong Profits Tax rate at 16.5% during the Relevant Period. No Hong Kong profits tax has been provided for in the financial statements as the World Champion has no assessable profits during the Relevant Period.

b) Reconciliation between tax expense and accounting loss at applicable tax rates:

	Period from 23 December 2010 (date of incorporation) to 31 March 2011 *HK$'000*
Loss before taxation	(37)
Tax at the statutory rate of 16.5%	6
Tax effect of expenses not deductible for tax	(6)
Tax expenses	–

8. LOSS PER SHARE

The calculations of basic and diluted loss per share are based on:

	Period from 23 December 2010 (date of incorporation) to 31 March 2011 *HK$'000*
Loss attributed to owners of World Champion	(37)
Weighted average number of ordinary shares in issue	1

The basic and diluted loss per share are the same for the Relevant Period, as World Champion had no potential dilutive ordinary shares in issue during the Relevant Period.

9. INTEREST IN A SUBSIDIARY

	At 31 March 2011
	HK$'000
Unlisted investment, at cost	3,000
Less: Impairment losses	–
	3,000

The particulars of World Champion's subsidiary as of 31 March 2011, which is an unlisted and limited liability company, is set out as follows:

Name	**Place of establishment**	**Particulars of paid up registered capital**	**Proportion of Equity interest attributable to the Company**	**Principal activities**
Zhongshan Jiu He Bioplastics Company Limited	People's Republic of China	US$641,906	60%	Development, production and sales of biodegradable resin and related products

10. OTHER RECEIVABLE

Other receivable is expected to be recovered within one year.

11. AMOUNT DUE TO ULTIMATE HOLDING COMPANY

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

12. DEFERRED TAXATION

There were no significant unrecognised deferred tax assets and liabilities as at 31 March 2011.

13. CAPITAL AND RESERVES

(a) Authorised and issued share capital

	At 31 March 2011	
	No. of shares	*HK$*
Authorised:		
Ordinary shares of HK$1 each	10,000	10,000
Ordinary shares, issued and fully paid:		
Ordinary shares of HK$1 each	1	1

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of World Champion. All ordinary shares rank equally with regard to World Champion's residual assets.

Upon incorporation, 1 subscriber's share of HK$1 each was issued at par for cash to provide the initial working capital of World Champion.

(b) Capital Management

World Champion manages its capital to ensure that World Champion will be able to continue as a going concern while continue to provide returns to shareholders through regularly review and manages its capital structure and makes adjustments to the capital structure in the light of changes in economic conditions. The capital structure of World Champion consists of equity attributable to owners of World Champion, comprising issued capital and accumulated losses. World Champion manages capital by regularly maintaining its current and expected liquidity requirements.

World Champion manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, World Champion may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

World Champion manages capital by regularly monitoring its current and expected liquidity requirements rather than using debt/equity ratio analysis.

The company was not subject to any externally imposed capital requirements.

(c) Dividends and distributable reserve

At 31 March 2011, there is no reserve available for distribution.

14. MATERIAL RELATED PARTY TRANSACTIONS

World Champion has entered into the following material related party transactions.

a) Key management personnel remuneration

All members of key management personnel are the directors of World Champion, and the remuneration for them is disclosed in note 6.

b) Transactions with other related parties

During the Relevant Period, World Champion had the following related party transactions:

Related party	**Nature of transactions**	**As at 31 March 2011** *HK$'000*
Ultimate holding company	Finance in	5,101

The directors of World Champion are of the opinion that the above transactions were entered into on terms mutually agreed.

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial assets and financial liabilities are disclosed in note 1.2.

Financial assets

World Champion has classified the following financial assets under the category of "loans and receivables":

	At 31 March 2011 *HK$'000*
Other receivable	2,000
Cash and cash equivalents	100
	2,100

Financial liabilities

World Champion has classified the following financial liabilities under the category of "financial liabilities at amortised cost":

	At 31 March 2011 *HK$'000*
Accruals	36
Amount due to ultimate holding company	5,101
	5,137

Financial risk management objectives and policies

Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include credit risk, liquidity risk, currency risk and interest rate risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

a) **Credit risk**

i) As at 31 March 2011 the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance.

ii) World Champion concentration of credit risk is on other receivable. The management of the company has closely monitored and reviewed the recoverability of the amounts and directors of the company consider such risk is considered manageable.

iii) The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

b) **Liquidity risk**

World Champion's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient amount of cash to meet its liquidity requirements in a short and longer term.

The following liquidity table set out the remaining contractual maturities at the end of the reporting period of the World Champion's non-derivative financial liabilities based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date World Champion required to pay.

	At 31 March 2011					
	Within 1 year or on demand *HK$'000*	More than 1 year but less than 2 years *HK$'000*	More than 2 years but less than 5 years *HK$'000*	More than 5 years *HK$'000*	Total contractual undiscounted cash outflows *HK$'000*	Carrying amount *HK$'000*
Accruals	36	–	–	–	36	36
Amount due to ultimate holding company	5,101	–	–	–	5,101	5,101
	5,137	–	–	–	5,137	5,137

c) **Currency risk**

World Champion does not have foreign currency risk exposure arising from its income and expenditure as these transactions are mainly carried out in Hong Kong Dollars (the functional currency of World Champion). Accordingly, no sensitivity analysis is prepared.

d) **Interest rate risk**

World Champion has exposure on cash flow interest rate which is mainly arising from its deposit with banks. The directors considered that the impact is insignificant. Accordingly, no sensitivity analysis is prepared.

e) **Fair values measurements recognized in the statement of financial position**

The carrying amounts of World Champion's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 March 2011.

16. ULTIMATE AND IMMEDIATE HOLDING COMPANIES

At 31 March 2011, the directors consider the immediate and ultimate holding company to be Ever Stable Holdings Limited, a company incorporated in British Virgin Islands and Long Success International (Holdings) Limited, a company incorporated in Bermuda respectively. The ultimate holding company has produced financial statements available for public use.

17. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for World Champion in respect of any period subsequent to 31 March 2011.

18. EVENTS AFTER REPORTING PERIOD

Pursuant to a further supplemental agreement entered into between Fast Rise Development Limited (the intermediate holding company of World Champion) and a vendor dated 27 September 2011, the vendor shall carryout its obligations (i) to increase the total registered capital of World Champion's subsidiary namely Zhongshan Jiu He Bioplastic Company Limited (the "Zhongshan Jiu He") to not less than US$17,000,000 by injecting the registered capital in accordance with World Champion's 60% equity interest in the Zhongshan Jiu He on or before 30 June 2013; and (ii) to guarantee and procure the total paid up capital of Zhongshan Jiu He to be not less than US$17,000,000 on or before 30 June 2013.

19. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2011

Up to the date of issue of these financial information, the HKICPA has issued the following amendments, new standards and interpretations which are not yet effective for the period ended 31 March 2011 and which have not been adopted in these Financial Information.

World Champion has not early applied any of the following new and revised Standards, Amendments or Interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKFRS 1 (Amendments)	Limited Exemptions from Comparative HKFRS 7 Disclosures for First-time Adopters[2]
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[3]
HKFRS 7 (Amendments)	Financial Instruments: Disclosures – Transfer of Financial Assets[3]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair value measurement[4]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 24 (as revised in 2009)	Related Party Disclosures[6]
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[6]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

1 Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.
2 Effective for annual periods beginning on or after 1 July 2010.
3 Effective for annual periods beginning on or after 1 July 2011.
4 Effective for annual periods beginning on or after 1 January 2013.
5 Effective for annual periods beginning on or after 1 January 2012.
6 Effective for annual periods beginning on or after 1 January 2011.

World Champion is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the World Champion's results of operations and financial position.

Management discussion and analysis of World Champion

World Champion is an investment holdings company, which directly holds 100% equity interest in Zhongshan Company. By a declaration of trust dated 7 June 2011, Would 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. No revenue and net loss of approximately HK$37,000 was recorded by World Champion during the period under review.

國富浩華 (香港) 會計師事務所有限公司
Crowe Horwath (HK) CPA Limited
Member Crowe Horwath International

34/F The Lee Gardens,
33 Hysan Avenue,
Causeway Bay, Hong Kong

The Board of Directors of
Long Success International (Holdings) Limited

Dear Sirs,

INTRODUCTION

We set out below our report on the financial information relating to Zhongshan Jiu He Bioplastics Company Limited ("**Zhongshan Jiu He**") including the statement of comprehensive income, the statement of changes in equity and the cash flow statement of Zhongshan Jiu He for the period from 4 March 2011 (date of establishment) to 31 March 2011 (the "Relevant Period"), for inclusion in the circular of Long Success International (Holdings) Limited ("**Long Success**") dated 30 September 2011 (the "**Circular**") in connection with the supplemental agreement dated 28 March 2011 and the further supplemental agreement dated 27 September 2011, entered into between Fast Rise Development Limited (being the intermediate holding company of Zhongshan Jiu He) and the vendor, in relation to the acquisition of Ever Stable Holdings Limited (being the immediate holding company of Zhongshan Jiu He).

Zhongshan Jiu He was established with limited liability in the People's Republic of China on 4 March 2011 as a wholly-owned foreign enterprise. During the Relevant Period and up to the date of this report, the principal activity of Zhongshan Jiu He is development, production and sales of biodegradable materials and related products.

As the date of this report, no audited financial statements have been prepared for Zhongshan Jiu He.

The directors of Zhongshan Jiu He have prepared the financial statements of Zhongshan Jiu He for the Relevant Period in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "Underlying Financial Statements").

The Financial Information has been prepared by the directors of the Zhongshan Jiu He based on the Underlying Financial Statements, with no adjustments made thereon and in accordance with the applicable disclosure provisions of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Growth Enterprises Market of the The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules").

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND REPORTING ACCOUNTANTS

The directors of Zhongshan Jiu He are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with HKFRSs issued by the HKICPA, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the GEM Listing Rules, and for such internal control as the directors of Zhongshan Jiu He determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

Our responsibility is to form an opinion on the Financial Information based on our procedures.

BASIS OF OPINION

For the purpose of this report, we have performed our independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and have carried out such appropriate procedures as we considered necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

We have not audited any financial statements of Zhongshan Jiu He in respect of any period subsequent to 31 March 2011.

OPINION

In our opinion, for the purpose of this report and on the basis of preparation as set out below, the Financial Information, gives a true and fair view of the state of affairs of Zhongshan Jiu He as at 31 March 2011 and of the results and cash flow of Zhongshan JIu He for the Relevant Period.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to Note 1.2(b) of Section II below in respect of the appropriateness of the going concern basis used in the preparation of the Financial Information, which indicates Zhongshan Jiu He had incurred loss of approximately HK$89,000, and had net current liabilities of approximately HK$11,072,000 as at 31 March 2011.

Crowe Horwath (HK) CPA Limited
Certified Public Accountants

Hong Kong, 30 September 2011

Lau Kwok Hung
Practising Certificate No.: P04169

1. FINANCIAL INFORMATION

A. Statement of comprehensive income

	Section II Note	Period from 4 March 2011 (date of establishment) to 31 March 2011 HK$'000
REVENUE	3	–
Administrative expenses		89
Loss before taxation	5	(89)
Income tax	7	–
LOSS FOR THE PERIOD		(89)
OTHER COMPREHENSIVE INCOME		
Exchange differences on translating to the presentation currency		11
Other comprehensive income, net of tax		11
TOTAL COMPREHENSIVE EXPENSES FOR THE PERIOD		(78)

B. Statement of financial position

	Section II Note	At 31 March 2011 HK$'000
NON-CURRENT ASSETS		
Property, plant and equipment	9	3,411
Deposit for acquisition of property, plant and equipment	10	12,583
		15,994
CURRENT ASSETS		
Prepayment		191
Amount due from a fellow subsidiary	11	5,955
Cash and bank balances	12	3,064
		9,210
CURRENT LIABILITIES		
Other payables		6,010
Amount due to a fellow subsidiary	11	14,272
		20,282
NET CURRENT (LIABILITIES)		(11,072)
NET ASSETS		4,922
CAPITAL AND RESERVES		
Paid in capital	14	5,000
Reserves		(78)
TOTAL EQUITY		4,922

C. Statement of changes in equity

	Paid in capital *HK$'000*	Exchange reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
Balance at 4 March 2011 (date of establishment)	–	–	–	–
Loss for the period	–	–	(89)	(89)
Other comprehensive income for the period	–	11	–	11
Total comprehensive expenses for the period	–	11	(89)	(78)
Capital contribution	5,000	–	–	5,000
Balance at 31 March 2011	5,000	11	(89)	4,922

D. Statement of cash flows

	Section II *Note*	Period from 4 March 2011 (date of establishment) to 31 March 2011 *HK$'000*
Operating activities		
Loss before taxation		(89)
Net foreign exchange gain		11
		(78)
Changes in working capital		
(Increase) in prepayment		(191)
(Increase) in amount due from a fellow subsidiary		(5,955)
Increase in other payables		692
Increase in amount due to a fellow subsidiary		14,272
Cash generated from operations		8,740
Income tax paid		–
Net cash generated from operations		8,740
Investing activities		
Acquisition of property, plant and equipment		(3,411)
Deposit paid for property, plant and equipment		(12,583)
Net cash (used in) investing activities		(15,994)
Financing activities		
Proceeds from capital contribution		5,000
Advance from other payable		5,318
Net cash generated from financing activities		10,318
Net increase in cash and cash equivalents		3,064
Cash and cash equivalents at the beginning of the period		–
Cash and cash equivalents at the end of the period	12	3,064

II. NOTES TO THE FINANCIAL INFORMATION

1.1 GENERAL INFORMATION

Zhongshan Jiu He Bioplastics Company Limited ("Zhongshan Jiu He")is a limited liability company domiciled and established in the People's Republic of China.

The address of its registered office and principle place of business is situated at 中國廣東省中山市中山火炬開發區步雲路一號. Its principal activities are development, production and sales of biodegradable materials and related products.

1.2 SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The Financial Information set out in this report have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. A summary of the significant accounting policies adopted by Zhongshan Jiu He is set out below.

The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing the Financial Information, Zhongshan Jiu He has adopted all these new and revised HKFRSs to the Relevant Period, except for any new standards or interpretations that are not yet effective for the accounting period ended 31 March 2011. The new and revised accounting standards and interpretations issued but not yet effective for the accounting period ended 31 March 2011 are set out in note 20.

The Financial Information are presented in Hong Kong Dollars ("HK$"). The functional currency of Zhongshan Jiu He is Renminbi ("RMB").

b) Basis of preparation of the Financial Information

Zhongshan Jiu He incurred loss for the Relevant Period of approximately HK$89,000 and as of that date, Zhongshan Jiu He's current liabilities exceeds its current assets by HK$11,072,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt about Zhongshan Jiu He's ability to continue as a going concern.

Having regard to the continuing financial support received from ultimate holding company of Zhongshan Jiu He, the directors of Zhongshan Jiu He are of the opinion that Zhongshan Jiu He is able to continue as a going concern and to meet its obligations in full as and when they fall due. Accordingly, the directors consider it appropriate to prepare the financial statements on a going concern basis.

The measurement basis used in the preparation of the Financial Information is the historical cost basis.

The preparation of Financial Information in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the Financial Information and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

c) Property, plant and equipment

Property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and impairment losses (see note 1.2(d)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net proceeds on disposal and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Property, plant and equipment are depreciated at rates sufficient to write off their cost less their estimate residual value, if any, and their accumulated impairment loss over estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Motor vehicles	25%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purpose. Construction in progress is carried at cost less any identified impairment loss. Construction in progress is classified to other appropriate categories of property, plant and equipment when completed and ready for the asset's intended use. Depreciation of these assets which will take place on the same basis as other property assets, commences when the assets are ready for their intended use.

d) Impairment of assets

i) Impairment of financial assets

Financial assets that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of Zhongshan Jiu He about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective company.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When Zhongshan Jiu He is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

ii) *Impairment of other assets*

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the asset's recoverable amount is estimated. In addition, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of assets, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

e) Other receivables

Other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivable are stated at cost less allowance for impairment of doubtful debts (see note 1.2(d)).

f) Other payables

Other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

g) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

h) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary difference, provided that those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, Zhongshan Jiu He controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are not discounted. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if Zhongshan Jiu He has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

in the case of current tax assets and liabilities, Zhongshan Jiu He intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

– the same taxable entity; or

– different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

i) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to Zhongshan Jiu He and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

Interest income

Interest income is recognised as it accrues using the effective interest method.

j) Related parties

For the purposes of these Financial Information, a party is considered to be related to Zhongshan Jiu He if:

i) the party has the ability, directly or indirectly through one or more intermediaries, to control Zhongshan Jiu He or exercise significant influence over Zhongshan Jiu He in making financial and operating policy decisions, or has joint control over Zhongshan Jiu He;

ii) Zhongshan Jiu He and the party are subject to common control;

iii) the party is an associate of Zhongshan Jiu He or a joint venture in which Zhongshan Jiu He is a venturer;

iv) the party is a member of key management personnel of Zhongshan Jiu He or Zhongshan Jiu He's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals; or

v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals, or

vi) the party is a post-employment benefit plan which is for the benefit of employees of Zhongshan Jiu He or of any entity that is a related party of Zhongshan Jiu He.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

k) Translation of foreign currencies

Foreign currency transactions during the Relevant period are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Hong Kong dollars at the foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

l) Segment information

Operating segments, and the amount of each segment item reported in the financial information are identified from the financial information provided regularly to the Board of Directors of the Company, being the chief operating decision maker, for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2. ACCOUNTING ESTIMATES AND JUDGEMENTS

a) Key sources of estimation uncertainty

In the process of applying Zhongshan Jiu He's accounting policies which are described in note 1.2, management has made certain key assumptions concerning the future, and other key sources of estimated uncertainty at the end of reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as discussed below.

i) Impairment of property, plant and equipment

The recoverable amount of an asset is the higher of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discontinued to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset, which requires significant judgement relating to the level of revenue and amount of operating cost. Zhongshan Jiu He uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and operating costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods.

ii) Impairment of receivables

Zhongshan Jiu He maintains impairment allowance for doubtful accounts based upon evaluation of the recoverability of the other receivables, where applicable, at the end of each reporting period. The estimates are based on the ageing of the other receivables balances and the historical write-off experience, net of recoveries. If the financial condition of the debtors were to deteriorate, additional impairment allowance may be required.

b) Critical accounting judgements in applying the Company's accounting policies

In determining the carrying amounts of some assets and liabilities, Zhongshan Jiu He makes assumptions for the effects of uncertain future events on those assets and liabilities at the end of reporting period. These estimates involve assumptions about such items as cash flows and discount rates used. Zhongshan Jiu He's estimates and assumptions are based on historical experience and expectations of future events and are reviewed periodically. In addition to assumptions and estimations of future events, judgements are also made during the process of applying Zhongshan Jiu He's accounting policies.

i) Income taxes

Zhongshan Jiu He is subject to the PRC enterprise income tax. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Zhongshan Jiu He recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

3. REVENUE

The principal activity of Zhongshan Jiu He during the period was development, production and sales of biodegradable materials and related products. It did not derive any income from its principal activity during the Relevant Period.

4. SEGMENT INFORMATION

Zhongshan Jiu He has only one single reportable segment which is development, production and sales of biodegradable materials and related products. Accordingly, no segment analysis is presented.

5. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	Period from 4 March 2011 (date of establishment) to 31 March 2011 *HK$'000*
a) Staff costs: (including directors' remuneration)	
Contributions to defined contribution retirement plan	–
Salaries, wages and other benefits	24
	24

6. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

	Period from 4 March 2011 (date of establishment) to 31 March 2011 *HK$'000*
Fees	–
Other emoluments	6
	6

7. INCOME TAX IN THE STATEMENT OF COMPREHENSIVE INCOME

a) Zhongshan Jiu He is subject to the PRC enterprise income tax rate at 25% during the Relevant Period. No PRC enterprise income tax has been provided for in the Financial Information as Zhongshan Jiu He has no assessable profits during the Relevant Period.

b) Reconciliation between tax expense and accounting loss at applicable tax rates:

	Period from 4 March 2011 (date of establishment) to 31 March 2011 *HK$'000*
Loss before taxation	(89)
Tax at the statutory rate of 25%	(22)
Tax effect of expenses not deductible for tax	22
Tax expenses	–

8. LOSS PER SHARE

No loss per share information is presented as Zhongshan Jiu He is not a company incorporated having the liability of its members limited by number of shares.

9. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles *HK$'000*	**Construction In progress** *HK$'000*	**Total** *HK$'000*
Additions	80	3,331	3,411
Accumulated depreciation	–	–	–
Net book value			
At 31 March 2011	80	3,331	3,411

10. DEPOSIT FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

Deposit of HK$12,583,000 as at 31 March 2011 represents the deposit paid for the acquisition of plant and equipment for setting up the biodegradable manufacturing business in Zhongshan, the PRC by Zhongshan Jiu He.

11. AMOUNT DUE FROM/TO FELLOW A SUBSIDIARY

The amounts due are unsecured, interest-free and repayable on demand.

12. CASH AND CASH EQUIVALENTS

	At 31 March 2011 *HK$'000*
Cash at bank and on hand	3,064
Cash and cash equivalents in the statement of financial position and the statement of cash flows	3,064

At the end of the reporting period, the cash and bank balances of Zhongshan Jiu He, which are denominated in Renminbi ("RMB"), amounted to approximately HK$2,817,000. RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Regulations, Zhongshan Jiu He is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

13. DEFERRED TAXATION

There were no significant unrecognised deferred tax assets and liabilities as at 31 March 2011.

14. CAPITAL AND RESERVES

(a) Registered and paid-up capital

	At 31 March 2011 Equivalent to *HK$'000*
Registered capital of US$4,000,000	31,157

Paid up capital:	*US$*	Equivalent to *HK$'000*
Balances at 4 March 2011	–	–
Capital contribution	641,906	5,000
Balances at 31 March 2011	641,906	5,000

(b) Capital Management

Zhongshan Jiu He's objectives when managing capital are to safeguard Zhongshan Jiu He's ability as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, Zhongshan Jiu He will balance its overall capital structure through the payment of dividends, new capital contribution as well as the issue of new debt or the redemption of existing debt as it sees fit and appropriate.

During the relevant period, Zhongshan Jiu He monitors capital using a gearing ratio which is Zhongshan Jiu He's total liabilities over its total assets. Zhongshan Jiu He's policy is to keep the gearing ratio at a reasonable level. The gearing ratios at 31 March 2011 is as follows:

	At 31 March 2011 *HK$'000*
Total liabilities	20,282
Total assets	25,204
Gearing ratio	80%

Zhongshan Jiu He was not subject to any externally imposed capital requirements.

(c) Nature and purpose of reserves

Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements from RMB to HK$. The reserve is dealt with in accordance with accounting policy set out in note 1.2(k).

15. MATERIAL RELATED PARTY TRANSACTIONS

Zhongshan Jiu He has entered into the following material related party transactions.

a) Key management personnel remuneration

All members of key management personnel are the directors of Zhongshan Jiu He, and the remuneration for them is disclosed in note 6.

b) Transactions with other related parties

During the Relevant Period, Zhongshan Jiu He had the following related party transactions:

Related parties	**Nature of transactions**	**As 31 March 2011** *HK$'000*
Fellow subsidiaries	Finance in	(14,272)
	Finance out	5,955

The directors of Zhongshan Jiu He are of the opinion that the above transactions were entered into on terms mutually agreed.

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial assets and financial liabilities are disclosed in note 1.2.

Financial assets

Zhongshan Jiu He has classified the following financial assets under the category of "loans and receivables":

	At 31 March 2011 *HK$'000*
Amount due from a fellow subsidiary	5,955
Cash and cash equivalents	3,064
	9,019

Financial liabilities

Zhongshan Jiu He has classified the following financial liabilities under the category of "financial liabilities at amortised cost":

	At 31 March 2011 *HK$'000*
Other payables	6,010
Amount due to fellow a subsidiary	14,272
	20,282

Financial risk management objectives and policies

Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include credit risk, liquidity risk, currency risk and interest rate risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

a) **Credit risk**

i) As at 31 March 2011, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance.

ii) The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

iii) Zhongshan Jiu He's concentration of credit risk is on advances to fellow subsidiaries. The management of Zhongshan Jiu He has closely monitored and reviewed the recoverability of the amounts and the directors of Zhongshan Jiu He considered such risk is considered manageable.

b) **Liquidity risk**

Zhongshan Jiu He's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient amount of cash to meet its liquidity requirements in a short and longer term.

The following liquidity table set out the remaining contractual maturities at the end of the reporting period of Zhongshan Jiu He's non-derivative financial liabilities based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date Zhongshan Jiu He required to pay.

	At 31 March 2011					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total contractual undiscounted cash outflows**	**Carrying amount**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other payables	6,010	–	–	–	6,010	6,010
Amount due to a fellow subsidiary	14,272	–	–	–	14,272	14,272
	20,282	–	–	–	20,282	20,282

c) **Currency risk**

Zhongshan Jiu He does not have foreign currency risk exposure arising from its income and expenditure as these transactions are mainly carried out in Renminbi (the functional currency of Zhongshan Jiu He). Accordingly, no sensitivity analysis is prepared.

d) **Interest rate risk**

Zhongshan Jiu He has exposure on cash flow interest rate which is mainly arising from its deposit with banks. The directors considered that the impact is insignificant. Accordingly, no sensitivity analysis is prepared.

e) **Fair values measurements recognized in the statement of financial position**

The carrying amounts of Zhongshan Jiu He's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 March 2011.

17. ULTIMATE AND IMMEDIATE HOLDING COMPANIES

At 31 March 2011, the directors consider the immediate and ultimate holding company to be World Champion Investments Limited, a company incorporated in Hong Kong and Long Success International (Holdings) Limited, a company incorporated in Bermuda respectively. The ultimate holding company has produced financial statements available for public use.

18. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for Zhongshan Jiu He in respect of any period subsequent to 31 March 2011.

19. EVENTS AFTER REPORTING PERIOD

Pursuant to a further supplemental agreement entered into between Fast Rise Development Limited (the intermediate holding company of Zhongshan JIu He) and a vendor dated 27 September 2011, the vendor shall carryout its obligations (i) to increase the total registered capital of Zhongshan Jiu He to not less than US$17,000,000 by injecting the registered capital in accordance with World Champion Investment Limited's (the intermediate holding company of Zhongshan Jiu He) 60% equity interest in the Zhongshan Jiu He on or before 30 June 2013; and (ii) to guarantee and procure the total paid up capital of Zhongshan Jiu He to be not less than US$17,000,000 on or before 30 June 2013.

20. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2011

Up to the date of issue of these Financial Information, the HKICPA has issued the following amendments, new standards and interpretations which are not yet effective for the period ended 31 March 2011 and which have not been adopted in these Financial Information.

Zhongshan Jiu He has not early applied any of the following new and revised Standards, Amendments or Interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKFRS 1 (Amendments)	Limited Exemptions from Comparative HKFRS 7 Disclosures for First-time Adopters[2]
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[3]
HKFRS 7 (Amendments)	Financial Instrument: Disclosures – Transfer of Financial Assets[3]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entites[4]
HKFRS 13	Fair value measurement[4]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 24 (as revised in 2009)	Related Party Disclosures[6]
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[6]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

[1] Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.
[2] Effective for annual periods beginning on or after 1 July 2010.
[3] Effective for annual periods beginning on or after 1 July 2011.
[4] Effective for annual periods beginning on or after 1 January 2013.
[5] Effective for annual periods beginning on or after 1 January 2012.
[6] Effective for annual periods beginning on or after 1 January 2011.

Zhongshan Jiu He is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on Zhongshan Jiu He's results of operations and financial position.

Management discussion and analysis of Zhongshan Company

During the year period review, Zhongshan Company recorded no revenue and net loss of approximately HK$89,000. At the end of March 2011, the renovation of the new plant in Zhongshan Port Economic and Technical Development Zone was basically completed. 42 sets of production facilities have been ordered and will be installed in July 2011 and put into operation in August 2011. Such production facilities are one of the leading facilities in China. Apart from having experienced manufacturers and experts, Zhongshan Company has reserved space for the construction of control room, laying a solid foundation for smooth production and superior conditions for future development. Based on the existing technology patents, Zhongshan Company recruited professionals for technology research development to continuously look for newer and better technology patents and also to start launching independent research and development, to explore new technology scopes for the long-term and create intellectual property rights. Zhongshan Company has engaged renowned national experts in the industry as technology advisers and capable talents who have extensive experience in production, sales, finance and other aspects as general managers and vice general managers. It is expected after full operation, Zhongshan Company would be able to produce 20,000 to 30,000 tons of biodegradable materials annually as well as environment friendly downstream products of biodegradable materials including blowing and molding, injection, extrusion and foaming.

I. INTRODUCTION TO PRO FORMA FINANCIAL INFORMATION

On 26 March 2010, the Company announced that, the Fast Rise Development Limited (the "Purchaser"), a wholly owned subsidiary of the Company, entered into the acquisition agreement with a vendor (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 Ever Stable Holdings Limited (the "BVI Company") (which owns the 60% equity interest in Dongguan Jiu He Bioplastics Company Limited (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 Board 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. Completion took place on 30 September 2010.

On 28 March 2011, the Company announced that the Purchaser and the Vendor entered into a supplemental agreement (the "Supplemental Agreement") to amend certain terms and conditions of the acquisition agreement to reflect the current company structure of the BVI Company. Zhongshan Jiu He Bioplastics Company Limited (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 interest in the Joint Venture Company, the BVI Company further owns 100% of World Champion Investments Limited ("World Champion") which in turn holds the entire equity interest 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 27 September 2011 2011, the Company announced that the Purchaser and the Vendor entered into the further supplemental agreement (the "Further Supplemental Agreement") to further amend certain terms and conditions of the acquisition agreement to reflect the then structure of the BVI Company.

The following unaudited pro forma statement of assets and liabilities of the Group has been prepared in accordance with Rule 7.31 of the GEM Listing Rules for the purpose of illustrating the effect on the Supplemental Agreement and the Further Supplemental Agreement as if they had been completed on 31 March 2011.

The unaudited pro forma statement of assets and liabilities of the Group has been prepared based on the audited consolidated statement of financial position of the Group as of 31 March 2011 extracted from the published annual report of the Company for the year ended 31 March 2011 after making any appropriate pro forma adjustments that are considered necessary as if the Supplemental Agreement and the Further Supplemental Agreement had been completed on 31 March 2011.

This unaudited pro forma statement of assets and liabilities has been prepared based on a number of assumptions, estimates and uncertainties. It is prepared for illustrative purposes only and, because of its nature, it may not give a true picture of the Group's financial position.

The unaudited pro forma statement of assets and liabilities of the Group should be read in conjunction with the Accountants' Reports on Joint Venture Company, World Champion and the Zhongshan Company as set out in Appendices II to IV to this circular, respectively, the historical financial information on the Group as set out in Appendix I to this circular and other financial information included elsewhere in this circular.

II. UNAUDITED PRO FORMA STATEMENT OF FINANCIAL POSITION OF THE GROUP

	The Group as of 31 March 2011 (Audited)		Pro forma adjustments		Pro forma Group as of 31 March 2011 (Unaudited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	
Non-current assets					
Property, plant and equipment	180,972	(4,021)	4,021		180,972
Prepaid lease payments	19,081				19,081
Goodwill	151,070				151,070
Intangible assets	244,445	(49,788)	49,788		244,445
Available-for-sale financial assets	180				180
Deposit for acquisition for property, plant and equipment	59,532				59,532
Total non-current assets	655,280				655,280
Current assets					
Inventories	21,097				21,097
Trade receivables	11,794				11,794
Loans receivable	2,539				2,539
Prepayment, deposits and other receivables	105,066	(894)		(55,499)	48,673
Pledged bank deposits	45,854				45,854
Cash and cash equivalents	24,605	2,769	(53,809)	112,895	86,460
Total current assets	210,955				216,417
Current liabilities					
Trade payables	19,004				19,004
Bank acceptance notes payable	65,505				65,505
Other payables	76,818	(46,159)			30,659
Current portion of interest-bearing loans	43,395				43,395
Convertible bonds	16,603				16,603
Convertible note	36,135				36,135
Derivative financial instruments	49,268				49,268
Provision for taxation	884				884
Total current liabilities	307,612				261,453
Net current liabilities	(96,657)				(45,036)
Total assets less current liabilities	558,623				610,244
Non-current liabilities					
Interest-bearing loans	6,922				6,922
Deferred tax liabilities	50,022				50,022
Total non-current liabilities	56,944				56,944
NET ASSETS	501,679				553,300

Notes to the unaudited Pro Forma Statement of assets and liabilities of the Group

1. The amounts were extracted from the published annual report of the Company for the year ended 31 March 2011 published on 30 June 2011 which has been published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.long-success.hk). The consolidated assets and liabilities of the Group as of 31 March 2011 comprise the Company and its subsidiaries. Among which, the assets and liabilities of the Joint Venture Company, World Champion and the Zhongshan Company are included. In addition, the financial impact arising from Supplemental Agreement has been properly accounted for as detailed below.

   (i) 60% effective equity interest in the Zhongshan Company has been consolidated into the Group's result and financial position as reflected in the consolidated financial statements of the Group as at 31 March 2011.

   (ii) The remaining 40% equity interest in the Zhongshan Company has been included in the "Non controlling interests" as reflected in the consolidated financial statements of the Group as at 31 March 2011.

   (iii) The directors of the Company considered that the change of terms on the profit guarantee has no financial impact on the consolidated financial statements of the Group as at 31 March 2011.

2. (i) Pursuant to the Further Supplemental Agreement, the BVI Company and Guangdong Shang Jiu Biodegradable Plastics Company Limited (the "PRC Partner") have agreed to deregister the Joint Venture Company upon the completion of the equity transfer agreement in relation to the transfer of 40% equity interest in the Zhongshan Company to the PRC Partner. 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.

   (ii) The unaudited pro forma adjustment represents the realization of assets and liabilities of the Joint Venture Company and the refund to the PRC Partner and the BVI Company according to the proportion of their respective capital contribution as if the deregistration has been completed on 31 March 2011.

   (iii) The directors of the Company considered the expenses to be incurred for the deregistration of the Joint Venture Company is insignificant and no pro forma adjustment is made in this regard.

   (iv) Other payables of HK$46,159,000 represent payable to the PRC Partner which form part of the liabilities of the Joint Venture Company as at 31 March 2011. For the purposes of the pro forma statement of assets and liabilities, the assets and liabilities of the Joint Venture Company were realized and settled during the de-registration. The debit of HK$46,159,000 for other payable represent settlement to the PRC Partner during de-registration.

   (v) Pursuant to the Further Supplemental Agreement, the Joint Venture Company will be de-registered. Therefore, the contractual interests as well as their related obligations of the Joint Venture Company will be transferred to the Zhongshan Company. For the purpose of the pro forma statement of assets and liabilities, the said arrangement was adjusted as follows:

      – the contractual interests between the Joint Venture Company and the PRC Partner was cancelled upon de-registration, as a result, the carrying amount of the Joint Venture Company's intangible assets of approximately HK$49,788,000 was offset with the payable to the PRC Partner.

      – The Zhongshan Company recognized the transferred intangible assets with the amount of HK$49,788,000 and assumed the payable to the PRC Partner by the same amount.

      – The Zhongshan Company settled the assumed liabilities payable to the PRC Partner of HK$49,788,000 by cash.

3. Pursuant to the Asset Purchase Agreement and the transfer of the contractual interest of the Joint Venture Company under the Patent License Agreement to the Zhongshan Company, the property, plant and equipment would be sold and the intangible assets would be transferred from the Joint Venture Company to the Zhongshan Company during de-registration. For the purposes of pro forma statement of assets and liabilities, the credit of HK$53,809,000 for cash and cash equivalents represents cash payment from the Zhongshan Company to the Joint Venture Company for acquisition of property, plant and equipment in sum of approximately HK$4,021,000 and settlement of the assumed liabilities of approximately HK$49,788,000 as mentioned in 2(v) above.

4. (i) Pursuant to the Further Supplemental Agreement, the registered capital of the Zhongshan Company of not less than US$17,000,000 should be fully paid up by the PRC Partner and the Vendor through World Champion according to their respective equity interest in the Zhongshan Company on or before 30 June 2013. There is no change in the amount of registered capital to be injected under the Vendor's obligations. The Company is not required to contribute any registered capital to the Zhongshan Company nor the Joint Venture Company under the Supplemental Agreement and the Further Supplemental Agreement.

(ii) The unaudited pro forma adjustment represents the capital injection by the PRC Partner and the Vendor in the Zhongshan Company up to US$17,000,000 as if the capital injection had been completed on 31 March 2011. The amount received also included the receivable from the Vendor and PRC Partner for the repayment of the initial capital injection of HK$5,000,000 in Zhongshan Company by the Group. For the purpose of preparation of unaudited pro forma information, it is assumed that capital injection was satisfied by cash.

(iii) The credit of approximately HK$55,499,000 for prepayments, deposits and other receivables represent settlement from the Vendor of approximately HK$53,499,000 and the PRC Partner of approximately HK$2,000,000. The receivable from the Vendor of approximately HK$53,499,000 represents the fair value of his capital contribution commitment towards the Joint Venture Company as at 31 March 2011, such amount was included in the Group's audited financial statements as at 31 March 2011. The receivable from the PRC Partner of approximately HK$2,000,000 represents the amount to be recovered from the PRC Partner regarding the capital contribution by the Group, on its behalf, towards the Zhongshan Company, such amount was also included in the Group's audited financial statements as at 31 March 2011.

(iv) The debit of approximately HK$112,895,000 represents capital contribution from the Vendor of approximately HK$59,855,000 and the PRC Partner of approximately HK$53,040,000 towards the Zhongshan Company. For the purposes of pro forma statement of assets and liabilities, the capital contribution is assumed to be in cash. Details of calculation as follows:

– Capital contribution obligation of the Vendor as at 31 March 2011 was approximately HK$59,855,000 representing approximately HK$79,560,000 (60% of US$17,000,000 @7.8) less capital contribution already made to the Joint Venture Company on or before 31 March 2011 amounting to approximately HK$19,705,000 (US$2,526,000 @ 7.8).

– Capital contribution obligation of the PRC Partner as at 31 March 2011 was approximately HK$53,040,000 (40% of US$17,000,000 @7.8).

Crowe Horwath™

國富浩華 (香港) 會計師事務所有限公司
Crowe Horwath (HK) CPA Limited
Member Crowe Horwath International

34/F The Lee Gardens,
33 Hysan Avenue,
Causeway Bay, Hong Kong

30 September 2011

The Directors
Long Success International (Holdings) Limited
26/F., EIB Centre,
40-44 Bonham Strand,
Sheung Wan, Hong Kong.

Dear Sirs,

Accountants' report on the unaudited pro forma statement of assets and liabilities to the directors of Long Success International (Holdings) Limited

We report on the unaudited pro forma statement of assets and liabilities (the "unaudited Pro Forma Financial Information") of Long Success International (Holdings) Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") which has been prepared by the directors of the Company for illustrative purpose only, to provide information how the completion of the supplemental agreement dated 28 March 2011 (the "Supplemental Agreement") and the further supplemental agreement dated 27 September 2011 (the "Further Supplemental Agreement"), entered into between a wholly owned subsidiary of the Company and the vendor, in relation to the acquisition of Ever Stable Holdings Limited (the "BVI Company"), might have affected the financial information presented for inclusion as Appendix V of the circular of the Company dated 30 September 2011 (the "Circular"). The basis of preparation of the unaudited Pro Forma Financial Information is set out on pages 87 to 90 of the Circular.

Respective Responsibilities of Directors and Reporting Accountants

It is the responsibility solely of the directors of the Company to prepared the unaudited Pro Forma Financial Information in accordance with paragraph 7.31(1) of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

The unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as of 31 March 2011 or any future date.

Opinion

In our opinion:

a. the unaudited Pro Forma Financial Information has been properly complied by the directors of the Company on the basis stated;

b. such basis is consistent with the accounting policies of the Group; and

c. the adjustments are appropriate for the purposes of the unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Crowe Horwath (HK) CPA Limited
Certified Public Accountants

Hong Kong, 30 September 2011

Lau Kwok Hung
Practising Certificate No: P04169

1. RESPONSIBILITY STATEMENT

This circular, 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 the information contained in this circular 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 circular misleading.

2. SHARE CAPITAL

The authorized and issued share capital of the Company as at the Latest Practicable Date were as follows:

Authorised:		*HK$*
7,500,000,000	Shares of HK$0.04 each	300,000,000
Issued and fully paid:		*HK$*
2,623,945,000	Shares of HK$0.04 each	104,957,800

All the issued Shares rank pari passu with each other in all respects including the rights as to voting, dividends and return of capital.

3. DISCLOSURE OF INTEREST

(i) Interest of Directors

As at the Latest Practicable Date, the interests or short positions of the Directors and the chief executive of the Company in the Shares or underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein or were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange were as follows:

(a) Directors' interests or short positions in the Shares:

Name of Directors	Type of interest	Number of ordinary Shares of the Company	Percentage of shareholdings
Wong Kam Leong	Corporate interest *(Note 1)*	654,125,000	24.93%

Note:

1. As at the Latest Practicable Date, out of the 654,125,000 Shares, 248,125,000 Shares are beneficially owned by Wide Fine International Limited ("Wide Fine") and 406,000,000 Shares are beneficially owned by View Good International Limited ("View Good"). Mr. Wong Kam Leong, an executive Director, is the sole beneficial owner of Wide Fine and Ms. Tam Sio Wan, the wife of Mr. Wong Kam Leong, is the sole beneficial owner of View Good. Therefore, Mr. Wong Kam Leong is deemed to be interested in 654,125,000 Shares.

The interests of the Directors or chief executive of the Company, and their respective associates, in the underlying Shares which may be issued pursuant to exercise of the share options granted to the Directors by the Company under the share option scheme of the Company are set out in the paragraph headed "Directors' interests in share options of the Company" below.

(b) Directors' interests in share options of the Company

As at the Latest Practicable Date, the interests of the Directors or chief executive of the Company, and their respective associates, in the underlying Shares which may be issued pursuant to exercise of the share options granted to the Directors by the Company under the share option scheme of the Company are as follows:

Name of Directors	**Date of grant**	**Exercise period**	**Exercise price per Share** *(HK$)*	**Outstanding as at the Latest Practicable Date**
Wong Kam Leong	09/05/08	09/05/08 to 08/05/18	0.192	6,750,000
	18/05/09	18/05/09 to 17/05/19	0.168	750,000
	01/09/09	01/09/09 to 31/08/19	0.160	750,000
	30/03/10	30/03/10 to 29/03/20	0.286	3,000,000
	15/11/10	15/11/10 to 14/11/20	0.166	3,750,000
Hu Dongguang	30/03/10	30/03/10 to 29/03/20	0.286	11,000,000
	15/11/10	15/11/10 to 14/11/20	0.166	4,000,000
Wu Bingxiang	01/09/09	01/09/09 to 31/08/19	0.160	8,200,000
	30/03/10	30/03/10 to 29/03/20	0.286	2,000,000
	15/11/10	15/11/10 to 14/11/20	0.166	3,800,000
Guo Wanda	15/11/10	15/11/10 to 14/11/20	0.166	14,000,000
Ng Kwok Chu, Winfield	20/02/08	20/02/08 to 19/02/18	0.244	250,000
	02/05/08	02/05/08 to 01/05/18	0.196	250,000
	15/11/10	15/11/10 to 14/11/20	0.166	1,000,000
Ng Chau Tung, Robert	20/02/08	20/02/08 to 19/02/18	0.244	250,000
	02/05/08	02/05/08 to 01/05/18	0.196	250,000
	15/11/10	15/11/10 to 14/11/20	0.166	1,000,000
Tse Ching Leung	01/09/09	01/09/09 to 31/08/19	0.160	700,000
	15/11/10	15/11/10 to 14/11/20	0.166	1,000,000
Wang Qingyi	15/11/10	15/11/10 to 14/11/20	0.166	1,000,000

Save as disclosed above in sections (a) and (b) as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which he was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange.

Save and except Mr. Wong Kam Leong, who is a sole director of Wide Fine International Limited, the substantial Shareholder of the Company, none of the Director or proposed Director is a director or employee of a company which has an interest or short position in the Shares and underlying shares 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.

(ii) Substantial Shareholders' interests

So far as is known to the Directors, as at the Latest Practicable Date, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and Section 336 of the SFO, or, who were or were expected, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name of substantial Shareholders	Number of Shares held	Percentage of issued share capital of the Company
Wide Fine International Limited *(Note 1)*	248,125,000	9.46%
View Good International Limited *(Note 2)*	406,000,000	15.47%
Nicky International Limited *(Note 3)*	216,000,000	8.23%
Leung Wa *(Note 4)*	222,000,000	8.46%

Notes:

1. Wide Fine International Limited is beneficially and wholly owned by Mr. Wong Kam Leong, an executive Director.

2. View Good International Limited is beneficially and wholly owned by Ms. Tam Sio Wan, the wife of Mr. Wong Kam Leong, an executive Director.

3. Nicky International Limited is beneficially and wholly owned by Mr. Chen Jianqiu and Mr. Leung Wa in equal shares.

4. 216,000,000 out of 222,000,000 shares are attributable by shares held by Nicky International Limited.

Save as disclosed above, as at the Latest Practicable Date, there was no person who had an interest and/or a short position in the shares and/or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and/or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO and/or was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of the Group, or any options in respect of such capital.

4. DIRECTORS' SERVICES CONTRACTS

None of the Directors had any existing or proposed service contracts with any member of the Group or any associated company of the Company which does not expire or is not determinable by the Group within one year without payment of compensation, other than statutory compensation as at the Latest Practicable Date.

5. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, in so far as the Directors are aware, none of the Directors or controlling Shareholders (as defined in the GEM Listing Rules) or substantial Shareholder (as defined in the GEM Listing Rules) or any of their respective associates had any interest in a business which competes or is likely to compete with the business of the Group.

6. DIRECTORS' INTEREST IN ASSETS, CONTRACT OR ARRANGEMENT

None of the Directors had any direct or indirect interest in any assets which have been, since 31 March 2011 (being the date to which the latest published audited consolidated financial statements of the Group were made up) and up to the Latest Practicable Date, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group. As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group and subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

7. LITIGATION

As at the Latest Practicable Date, in so far as the Directors are aware, neither the Company nor any of its subsidiaries was engaged in any litigation or claim of material importance and no litigation or claim of material importance was pending or threatened against the Company or any of its subsidiaries.

8. EXPERT AND CONSENT

The followings are the qualifications of the experts who have given opinion and advice, which is contained in this circular:

Name	Qualifications
Crowe Horwath (HK) CPA Limited	Certified Public Accountants

Crowe Horwath (HK) CPA Limited is not beneficially interested in the share capital of any member of the Group and has no right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group and has no interest, either directly or indirectly, in any assets which have been, since 31 March 2011, the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

The letter given by Crowe Horwath (HK) CPA Limited is given as of the date of this circular for incorporation herein. Crowe Horwath (HK) CPA Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name and letter in the form and context in which it appears.

9. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the members of the Group within the two years immediately preceding the Latest Practicable Date:

(i) the Further Supplemental Agreement;

(ii) the second supplemental agreement entered into between the Company and Lyceum Partners LLC on 27 September 2011 to vary certain terms and conditions of the equity line of credit agreement dated 9 September 2011;

(iii) the supplemental agreement entered into between the Company and Lyceum Partners LLC on 16 September 2011 to vary certain terms and conditions of the equity line of credit agreement dated 9 September 2011;

(iv) the equity line of credit agreement entered into between the Company and Lyceum Partners LLC on 9 September 2011 in relation to the grant of option by Lyceum Partners LLC to the Company, pursuant to which the Company has the rights to require Lyceum Partners LLC to subscribe for up to an aggregate of 1,000,000,000 Shares of the Company at the subscription price between the threshold price being the minimum of HK$0.25 per Share and the price equivalent to 83% of the 5-day average of the closing price of the Shares during the relevant pricing period;

(v) the letter of intent entered into between the Company, Wide Fine (Asia) Development Limited and Gain Concept Industries Limited on 8 September 2011 in relation to the possible acquisition of a certain percentage of the shareholdings of Fame Shine Holdings Limited;

(vi) the second confirmation letter entered into between Glory Smile Enterprises Limited, Mr. Chook Hong Shee and Mega Bright Investment Development Limited on 30 March 2011 in relation to the acquisition of 100% equity interest in Mega Bright Investment Development Limited, whereby parties to the share transfer agreement dated 10 February 2009 confirmed with Mega Bright Investment Development Limited that the partial shortfall of the profit guarantee, amount to HK$22,000,000, shall be compensated by way of set off against the convertible bond issued by the Company to Mr. Chook Hong Shee and the remaining balance of the shortfall will be aggregated into and increase the profit guarantee, without interest, for the financial year ended 31 December 2011;

(vii) the Supplemental Agreement;

(viii) the supplemental agreement entered into between the Company and Concept Capital Management Ltd. on 3 December 2010 to vary certain terms and conditions of the subscription agreement dated 17 November 2010;

(ix) the subscription agreement entered into between the Company and Concept Capital Management Ltd. on 17 November 2010 in relation to the subscription of the Company issued convertible notes by Concept Capital Management Ltd., in principal amount of RMB70,000,000 (equivalent to approximately HK$81,680,280);

(x) the placing agreement entered into between the Company and Pacific Foundation Securities Limited on 5 November 2010 in relation to the placing of the unlisted warrants of the Company by Pacific Foundation Securities Limited in registered form conferring rights, where the registered holder(s) are entitled to subscribe for up to HK$22,500,000 aggregate in cash for 150,000,000 new ordinary share(s) of HK$0.04 each to be issued by the Company upon the exercise of the subscription rights attaching to the Company issued warrants by the holders thereof at the subscription price (subject to adjustment), HK$0.15, on a fully underwritten basis;

(xi) the subscription agreement entered into between the Company and View Good International Limited on 14 October 2010, to subscribe for 406,000,000 shares of the Company at an aggregate consideration of HK$58,870,000;

(xii) the subscription agreement entered into between the Company and Win Right International Limited, Mr. Keung Kam Wing Vincent and Mr. Chan Sheung Wai on 14 October 2010, to subscribe for a total of 447,000,000 shares of the Company at an aggregate consideration of HK$64,815,000;

(xiii) the sale and purchase agreement entered into between the Company and Ou Wentian on 5 October 2010 in relation to the disposal of 100 ordinary shares of US$1.00 each of Right Gateway Limited, representing entire share capital of Right Gateway Limited, at a total consideration of HK$2,000,000;

(xiv) the sale and purchase agreement entered into between the Company and Income Plus Enterprises Limited on 31 August 2010 in relation to the disposal of the 10,000 ordinary shares of US$1.00 each of Mcmanners Management Limited, representing entire share capital of Mcmanners Management Limited, and the interest-free shareholder's loan of HK$29,208,356 advanced by the Company to Mcmanners Management Limited at the total consideration of HK$300,000;

(xv) the subscription agreement entered into between the Company and Mr. Cheng Guanshan, Mr. Deng Haizhe, Ms. Chen Yanfen and Mr. Long Xiaoping on 30 June 2010, to subscribe for a total of 121,000,000 shares of the Company at an aggregate consideration of HK$24,200,000;

(xvi) the letter of confirmation entered into between the Vendor, the BVI company and the Purchaser on 1 June 2010 in relation to the Acquisition Agreement, whereby the Vendor undertakes to inject such capital into the Joint Venture Company up to an amount of US$17 million and the consideration for the Acquisition includes the purchase of a shareholder's loan has arisen or will arise between the Vendor and the BVI Company;

(xvii) the Master Agreement dated 26 May 2010 entered into between the Joint Venture Company and the PRC Partner in relation to the Continuing Connected Transactions;

(xviii) the subscription agreement entered into between the Company and Mr. Keung Kam Wing Vincent, Ms. Li Hong, Mr. Peng Hanzhi and Mr. Fan Ming on 16 April 2010, to subscribe for 104,390,000 shares of the Company at an aggregate consideration of HK$22,965,800;

(xix) the share transfer agreement entered into between the Purchaser and the Vendor on 26 March 2010 in relation to the acquisition of 100% equity interest in the BVI Company by the Purchaser from the Vendor at the total consideration of HK$280,000,000;

(xx) the supplemented agreement entered into between the BVI Company and the PRC Partner dated 22 March 2010 to increase the total investment in Joint Venture Company from US$1 million to US$30 million and to increase its registered capital from US$1 million to US$17 million;

(xxi) the Patent License Agreement entered into between the Joint Venture Company and the PRC Partner on 21 February 2010 in relation to the Intellectual Property at a consideration of RMB43,400,000;

(xxii) the subscription agreement entered into between the Company and Ms. Li Meilang and Mr. Tong Feng and Ms. Pan Jianling on 10 February 2010, to subscribe for 159,110,000 shares of the Company at an aggregate consideration of HK$35,004,200;

(xxiii) the joint venture agreement entered into between BVI Company and the PRC Partner on 28 December 2009 in relation to the formation of the Joint Venture Company, pursuant to which the PRC Partner and the BVI company agreed to provide the registered capital of US$1 million in the proportion of 40% and 60% respectively;

(xxiv) the subscription agreement entered into between the Company and Wide Fine International Ltd. and Mr. Zhang Chi on 16 November 2009 to subscribe for 70,000,000 shares of the Company at an aggregate consideration of HK$14,000,000;

(xxv) the subscription agreement entered into between the Company and Mr. Fang Daliang and Ms. Li Meilang and Ms. Li Hong and Mr. Chan Sheung Wai and Mr. Iam Sio Kuan and Mr. Chan Kai Tai on 16 November 2009 to subscribe for 154,000,000 shares of the Company at an aggregate consideration of HK$30,800,000; and

10. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial position or trading position of the Group since 31 March 2011, being the date to which the latest published audited consolidated financial statements of the Group were made up.

11. GENERAL

(i) The registered office of the Company is at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda and the head office and principal place of business of the Company is at 26/F, EIB Centre, 40-44 Bonham Strand, Sheung Wan, Hong Kong.

(ii) The Company's Hong Kong branch share registrar and transfer office in Hong Kong is Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(iii) The qualified accountant and company secretary of the Company is Mr. Yeung Shun Kee, who is an associate member of the Hong Kong Institute of Certified Public Accountants.

(iv) The compliance officer of the Company is Mr. Wong Kam Leong, the Chairman of the Company.

(v) The English language text of this circular shall prevail over the Chinese language text in case of inconsistency.

(vi) The Company established an audit committee with written terms of reference in compliance with the requirements as set out in Rules 5.28 and 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and to provide supervision over the financial reporting process and internal control system of the Group. The audit committee of the Company comprises of the independent non-executive Directors, namely, Mr. Ng Kwok Chu, Winfield, Mr. Ng Chau Tung, Robert, and Mr. Tse Ching Leung. Their particulars are as below:

Mr. Ng Kwok Chu, Winfield

An independent non-executive Director and a member of audit committee of the Company, aged 52, Mr. Ng was appointed by the Company on 3 January 2006. Mr. Ng has over 20 years consumer and commercial finance experiences in the markets of Hong Kong and the PRC. He is currently the executive director of Sino Prosper State Gold Resources Holdings Ltd., a company listed on the Main Board of the Stock Exchange, and the executive director of China Netcom Technology Holdings Limited, a company listed on the GEM Board of the Stock Exchange.

Mr. Ng Chau Tung, Robert

An independent non-executive Director and a member of audit committee of the Company, aged 55, Mr. Ng was appointed by the Company on 3 January 2006. Mr. Ng is currently the chief executive officer of a private company, which mainly involves financial arrangement of new general energy development and trading. Mr. Ng holds a Bachelor of Business Administration from The Chinese University of Hong Kong. He is a Registered Financial Planner, a fellow member of the Institute of Financial Accountant (U.K.) and a full member of certified Professional Economist of Hong Kong Society of Economists Ltd.. Mr. Ng has over 20 years experience in the banking sector. He was also the chairman of the Hong Kong Equipment Leasing Association, and an independent non-executive committee member of the Finance House Association and the Hong Kong Deposit Taking Company Association. Mr. Ng did not hold any directorship in any listed company in the past three years before the date of this circular.

Mr. Tse Ching Leung

An independent non-executive Director and a member of audit committee of the Company, aged 37, Mr. Tse was appointed by the Company on 1 September 2009. Mr. Tse holds an accounting degree from The City University of Hong Kong and has more than 15 years experience in professional auditing, accounting and financial management. He is the financial controller and company secretary of Sau San Tong Holdings Limited, a company listed on GEM of The Stock Exchange of Hong Kong Limited. Mr. Tse is an associate member of the Hong Kong Institute of Certified Public Accountants.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the place of business of the Company at 26/F, EIB Centre, 40-44 Bonham Strand, Sheung Wan, Hong Kong during office hours from the date of this circular up to the date of the SGM to be held at the Function Room of Macau Jokey Club, 1/F China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong at 11:00 a.m. on Wednesday, 2 November 2011 to consider and approve the Supplemental Agreement, the Further Supplemental Agreement and the transactions contemplated thereunder respectively:

(i) the bye-laws of the Company;

(ii) the material contracts referred to in the paragraph headed "MATERIAL CONTRACTS" to this Appendix;

(iii) the annual reports of the Group for the three years ended 31 March 2011;

(iv) the accountants' report on the Joint Venture Company from Crowe Horwath (HK) CPA Limited, the text of which is set out in Appendix II to this circular;

(v) the accountants' report on World Champion from Crowe Horwath (HK) CPA Limited, the text of which is set out in Appendix III to this circular;

(vi) the accountants' report on the Zhongshan Company from Crowe Horwath (HK) CPA Limited, the text of which is set out in Appendix IV to this circular;

(vii) the report on unaudited pro forma financial information of the Group regarding the Supplemental Agreement and the Further Supplemental Agreement as set out in Appendix V to this circular;

(viii) the written consent referred to in paragraph headed "EXPERT AND CONSENT" to this Appendix; and

(ix) the copy of each circular issued pursuant to the requirements set out in Chapter 19 and/or Chapter 20 which has been issued since 31 March 2011.

LONG SUCCESS INTERNATIONAL (HOLDINGS) LIMITED
百 齡 國 際（控 股）有 限 公 司*

(incorporated in Bermuda with limited liability)
(Stock Code: 8017)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT a special general meeting (**SGM**) of the shareholders of Long Success International (Holdings) Limited (the **Company**) will be held at the Function Room of Macau Jokey Club, 1/F China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong at 11:00 a.m. on Wednesday, 2 November 2011 for the following purposes:

ORDINARY RESOLUTION

1. **THAT**:

   (a) the Supplemental Agreement, as defined and described in the supplemental circular of the Company dated 30 September 2011 (the "**Supplemental Circular**"), a copy of the Supplemental Agreement marked A together with a copy of the Supplemental Circular marked B being tabled before the meeting and initialled by the chairman of the meeting for identification purpose, and all transactions contemplated thereunder and in connection therewith, be and are hereby approved, ratified and confirmed;

   (b) the Further Supplemental Agreement, as defined and described in the Supplemental Circular, a copy of the Further Supplemental Agreement marked C together with a copy of the Supplemental Circular marked B being tabled before the meeting and initialled by the chairman of the meeting for identification purpose, and all transactions contemplated thereunder and in connection therewith, be and are hereby approved, ratified and confirmed; and

   (c) any one director of the Company be and is hereby authorised for and on behalf of the Company to execute all such other documents and agreements and to do all such acts or things deemed by him to be incidental to, ancillary to or in connection with the matters contemplated under the Supplemental Agreement and the Further Supplemental Agreement respectively.

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

Hong Kong, 30 September 2011

* *For identification purpose only*

Registered Office:
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Head office and principal place of business:
26/F, EIB Centre,
40-44 Bonham Strand,
Sheung Wan,
Hong Kong

Notes:

1. Pursuant to the Rules Governing the Listing of Securities on GEM, all the resolutions to be voted by poll at the SGM.

2. Every member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote on his/her/its behalf. A proxy need not be a member of the Company.

3. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must be deposited at the branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen s Road East, Hong Kong not less than 48 hours before the time appointed for the holding of such meeting or any adjournment thereof.

4. A form of proxy for use at the meeting is enclosed. Whether or not you are able to attend the meeting in person, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon.

5. Completion and delivery of the form of proxy will not preclude members from attending and voting in person at the meeting or any adjournment thereof should they so wish, and in such event, the form of proxy will be deemed to be revoked.

6. Where there are joint registered holders of any share(s) of the Company, any one of such joint holders may attend and vote at the meeting, either in person or by proxy, in respect of such share(s) as if he/she/it were solely entitled thereto, but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share(s) shall alone be entitled to vote in respect thereof.