

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



LONG SUCCESS INTERNATIONAL (HOLDINGS) LIMITED

百齡國際(控股)有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 8017)

**ISSUE OF CONVERTIBLE REDEEMABLE NOTE
UNDER GENERAL MANDATE**

On 19 June 2009 after trading hours, the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the Convertible Note in a principal amount of HK\$15,000,000 due one (1) year from the date of issue at the Conversion Price of HK\$0.13 per Conversion Share, subject to the terms and conditions of the Subscription Agreement.

Assuming full conversion of the Convertible Note at the Conversion Price, the Convertible Note will be convertible into 115,384,615 Shares, representing approximately 3.79% of the existing issued share capital of the Company and approximately 3.65% of the issued share capital of the Company as enlarged by such conversion. The Conversion Shares will be allotted and issued under the General Mandate.

The estimated net proceeds from the Convertible Note of approximately HK\$14,800,000 will be applied towards financing the Acquisition and as general working capital of the Group.

On 19 June 2009 after trading hours, the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the Convertible Note in a principal amount of HK\$15,000,000 due one (1) year from the date of issue at the Conversion Price of HK\$0.13 per Conversion Share. Details of the Subscription Agreement and terms of the Convertible Note are described below.

THE SUBSCRIPTION AGREEMENT

Date : 19 June 2009

Issuer : the Company

Subscriber : Mr. Tong Jian

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Subscriber is independent of the Company and the connected persons (as defined under the GEM Listing Rules) of the Company.

Subscription Price

The Subscriber shall pay the subscription price being a sum equivalent to the principal amount of HK\$15,000,000 of the Convertible Note to the Company within seven (7) Business Days from the signing of the Subscription Agreement and such sum shall be refunded in full (without interest) to the Subscriber if the conditions precedent to the Subscription Agreement cannot be satisfied.

Conditions Precedent

Completion of the subscription of the Convertible Note is conditional upon (i) the Listing Committee of the Stock Exchange having granted approval of the listing of and permission to deal in the Conversion Shares; and (ii) (if required) the Bermuda Monetary Authority granting permission to allot and issue the Conversion Shares.

If the conditions precedent are not fulfilled on or before 17 July 2009 or such later date as may be agreed between the Subscriber and the Company, the Subscription Agreement will lapse and become null and void and the parties to the Subscription Agreement will be released from all obligations thereunder, save the liabilities for any antecedent breaches thereof.

Completion

Completion of the Subscription Agreement shall take place on the second Business Day after satisfying the conditions precedent.

Conversion Price

The Conversion Price of HK\$0.13 per Conversion Share represents:

- (i) a premium of approximately 150% over the closing price of HK\$0.052 per share quoted on the Stock Exchange on 19 June 2009;
- (ii) a premium of approximately 166.4% over the average closing price of HK\$0.0488 per Share quoted on the Stock Exchange for the five consecutive trading days up to and including 19 June 2009; and
- (iii) a premium of approximately 154.9% over the average closing price of HK\$0.051 per Share quoted on the Stock Exchange for the ten consecutive trading days up to and including 19 June 2009.

Assuming full conversion of the Convertible Note at the Conversion Price, an aggregate of 115,384,615 new Shares will be issued and allotted, representing approximately 3.79% of the existing issued share capital of the Company and approximately 3.65% of the issued share capital of the Company as enlarged by such conversion. The aggregate nominal value of the Conversion Shares assuming full conversion of the Convertible Note is HK\$1,153,846.15 and the net price of each Conversion Share will be approximately HK\$0.128.

The Conversion Price was determined after arm's length negotiations between the Company and the Subscriber taking into account of the prevailing market prices of the Shares and the conversion price of HK\$0.12 of the convertible bonds to be issued under the Acquisition. The Board considers that the terms and conditions of the Convertible Note (including the Conversion Price) are fair and reasonable as far as the Company is concerned.

General Mandate to issue Conversion Shares

The Conversion Shares will be allotted and issued under the General Mandate. Under the General Mandate, the Company is authorized to issue 545,715,444 Shares. As at the date of this announcement, the Company has utilised 31.01% of the General Mandate by placing 169,232,000 new Shares on 24 February 2009 under the General Mandate. Accordingly, the Company is allowed to further issue up to 376,483,444 Shares under the General Mandate. The Conversion Shares will utilise 115,384,615 Shares that are allowed to be allotted and issued under the General Mandate (approximately 21.14% thereof).

Information of the Subscriber

The Subscriber is a social acquaintance of a Director and as at the date of this announcement, the Subscriber holds 124,989,538 Shares representing 4.1% of the existing issued share capital of the Company.

PRINCIPAL TERMS OF THE CONVERTIBLE NOTE

The principal terms of the Convertible Note were determined after arm's length negotiations between the Company and the Subscriber and are summarized below:

- Principal amount : HK\$15,000,000.
- Issue price : 100% of the principal amount of the Convertible Note.
- Interest : 36% per annum accrued from the date of issue of the Convertible Note on a day to day basis and shall be calculated on the basis of the actual number of days elapsed and a 365-day calendar year on the outstanding principal amount of the Convertible Note, payable monthly in arrears.
- Maturity Date : The date falling one (1) year from the date of the Convertible Note.
- Status : The Convertible Note constitutes direct, general, unconditional and unsecured obligations of the Company and ranks pari passu and rateably without preference (with the exception of obligations in respect of taxes and certain other mandatory provisions of applicable law exceptions) equally with all other present and/or future unsecured and unsubordinated obligations of the Company. No application will be made for the listing of the Convertible Note on any stock or securities exchange.
- Transferability : The Convertible Note may be assignable or transferrable, in whole or in part, of its principal amount outstanding, provided that no assignment or transfer of the Convertible Note may be made without prior written notice in relation to such transfer or assignment has been given to the Company. The Convertible Note may only be transferred, if and only if, the transfer is made in accordance with any applicable requirements of the Stock Exchange, applicable laws and regulations and the provisions set out on the Subscription Agreement. No assignment or transfer of the Convertible Note may be made to a connected person (as defined under the GEM Listing Rules) of the Company.

Conversion Price : The conversion price of HK\$0.13 per Share, subject to adjustments for, among others matters, subdivision or consolidation of Shares, issue of Shares by way of capitalisation of profits or reserves, capital reduction or distribution, rights issues and other events which have diluting effects on the issued share capital of the Company as set out in the Subscription Agreement.

Conversion Rights : The Noteholder (and its assignee(s) or transferee(s)) will have the right, at any time on any Business Day before the maturity date, to convert the whole or part of the outstanding principal amount of the Convertible Note into Shares.

There are no restrictions on subsequent sale of the Conversion Shares.

Voting : The Noteholder will not be entitled to attend or vote at any meetings of the Company by reason only of it being the Noteholder.

Redemption : (a) The Convertible Note may be redeemed in amounts of HK\$1,000,000 or integral multiples thereof at the option of the Company on any Business Day prior to the maturity date by giving not less than seven (7) Business Days' prior written notice to the Noteholder. A redemption notice shall be irrevocable once given by the Company to the Noteholder.

(b) Upon payment of the redemption of the Convertible Note, the Convertible Note redeemed by the Company will be forthwith cancelled and may not thereafter be reissued or resold.

REASONS FOR THE ISSUE OF CONVERTIBLE NOTE AND USE OF PROCEEDS

The Group is principally engaged in sales of customised software and related computer equipment; provision of technical support and maintenance services; sharing of profits of a junket representative of a VIP lounge in a casino in Macau and money lending business. The Directors consider that the issue of the Convertible Note is an appropriate means of raising additional capital of the Company since it will provide the Company with immediate and unsecured financing and it will not have an immediate dilution effect on the shareholding of the existing Shareholders.

The Directors (including the independent non-executive Directors) consider that the terms of the Convertible Note, which were arrived at after arm's length negotiation between the Company and the Subscriber, are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

The net proceeds from the issue of the Convertible Note of approximately HK\$14,800,000 will be applied towards financing the Acquisition and as general working capital of the Group.

EFFECT ON SHAREHOLDING STRUCTURE AS A RESULT OF THE CONVERSION OF THE CONVERTIBLE NOTE

The effect of the conversion of the Convertible Note on the shareholding structure of the Company (assuming no exercise of the outstanding options under the share option scheme of the Company) is set out below:

Shareholders	As at the date of this announcement		Upon full conversion of the Convertible Note	
	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>
Wide Fine International Limited (<i>Note 1</i>)	852,500,000	27.98	852,500,000	26.96
Yip Wai Ki (<i>Note 2</i>)	10,000,000	0.33	10,000,000	0.32
The Subscriber	124,989,538	4.10	240,374,153	7.6
Subtotal				
Other Public Shareholders	<u>2,059,492,490</u>	<u>67.59</u>	<u>2,059,492,490</u>	<u>65.12</u>
Total:	<u><u>3,046,982,028</u></u>	<u><u>100</u></u>	<u><u>3,162,366,643</u></u>	<u><u>100</u></u>

Notes:

1. The 852,500,000 Shares are beneficially owned by and registered in the name of Wide Fine International Limited ("Wide Fine"), a company incorporated in Hong Kong with limited liability and is wholly-owned by Mr. Wong Kam Leong, a Director.
2. Mr. Yip Wai Ki is a Director.

FUND RAISING ACTIVITY IN THE PAST TWELVE MONTHS

The following table summarizes the fund raising activity of the Group for the 12 months immediately preceding the date of this announcement.

Date of announcement	Event	Net proceeds raised	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
24 February 2009	Placing of new Shares under General Mandate	HK\$10,800,000	General working capital to develop and expand the Group's principal business and future business developments	Applied as part payment of the refundable deposit under the Acquisition

APPLICATION FOR LISTING

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

DEFINITIONS

In this announcement, the following terms have the meanings set out below, unless the context requires otherwise:

“Subscription Agreement”	the subscription agreement dated 19 June 2009 entered into between the Subscriber and the Company in relation to the subscription of the Convertible Note;
“Acquisition”	the acquisition of 100% equity interest in Mega Bright Investment Development Limited which holds 51% interest in Jining Gangning Paper Co., Ltd., a sino-foreign joint venture company incorporated in the PRC engaging in the manufacture and sale of various types of kraft paper, brief particulars of which are set out in the Company's circular dated 14 May 2009. The Shareholders approved the Acquisition at the special general meeting of the Company held on 3 June 2009;
“Board”	the board of Directors;
“Business Day”	a day (excluding Saturday) on which banks in Hong Kong are generally open for business;

“Certificate”	the certificate to be issued in respect of the Convertible Note;
“Company”	Long Success International (Holdings) Limited, a company incorporated in Bermuda with limited liability and whose Shares are listed on the Stock Exchange;
“Conditions”	the terms and conditions to be attached to the Certificate;
“Conversion Rights”	the rights attached to the Convertible Note to convert the same or a part thereof into Conversion Shares;
“Convertible Note(s)”	the convertible redeemable note(s), bearing an interest rate of 36% per annum payable monthly to the Noteholder(s), to be issued by the Company to the Noteholder(s) in a principal amount of HK\$15,000,000 with the benefit of and subject to the provisions of the Conditions;
“Conversion Price”	HK\$0.13;
“Conversion Shares”	the Shares to be issued by the Company upon exercise by the Noteholder of the Conversion Rights;
“Directors”	directors of the Company;
“General Mandate”	the general unconditional mandate to issue 545,715,444 new Shares granted to the Directors at the annual general meeting of the Company held on 30 July 2008;
“GEM”	the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of PRC;
“Noteholder(s)”	the person(s) who is/are for the time being the holder(s) of the Convertible Note(s);
“PRC”	the People’s Republic of China;

“Shares”	the shares of HK\$0.01 each in the issued share capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber”	Mr. Tong Jian;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong; and
“%”	per cent.

By order of the board of directors of
Long Success International (Holdings) Limited
Wong Kam Leong
Chairman

Hong Kong, 19 June 2009

As at the date of this announcement, the board of Directors comprises three executive Directors, namely Mr. Wong Kam Leong, Ms. Li Jie Yi and Mr. Yip Wai Ki; and three independent non-executive Directors, namely Mr. Ng Kwok Chu, Winfield, Mr. Ng Chau Tung, Robert and Mr. Cheng Tze Kit, Larry.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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:-

- 1. the information contained in this announcement is accurate and complete in all material respects and not misleading;*
- 2. there are no other matters the omission of which would make any statement in this announcement misleading; and*
- 3. all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

This announcement 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 on the Company’s website at www.long-success.com.

** for identification purpose only*