
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 (the “Company”), 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.

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LONG SUCCESS INTERNATIONAL (HOLDINGS) LIMITED

百齡國際（控股）有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 8017)

CONNECTED TRANSACTION SUBSCRIPTION FOR SHARES BY CONNECTED PERSONS

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



Donvex Capital Limited
富域資本有限公司

Donvex Capital Limited

A letter from the Independent Board Committee is set out on page 11 of this circular. A letter from Donvex Capital, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 12 to 22 of this circular.

A notice convening a special general meeting (the “SGM”) of the Company to be held at the Function Room of Macau Jockey Club, 1/F China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong at 10:30 a.m. on Friday, 11 December 2009 is set out on pages 28 to 29 of this circular. Whether or not you are able to attend the meeting 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 Rooms 1806-1807, 18/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, 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

25 November 2009

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

	<i>Page</i>
Definitions	1
Letter from the Board	
1. Introduction	4
2. The Subscription Agreement	5
3. Effect on the Shareholding Structure	8
4. Reasons for the Subscription and Use of Proceeds	8
5. Fund Raising Activities in the Past Twelve Months	9
6. GEM Listing Rules Implications	9
7. SGM	10
8. Recommendation	10
9. Additional Information	10
Letter from the Independent Board Committee	11
Letter from the Independent Financial Adviser	12
Appendix – General Information	23
Notice of SGM	28

DEFINITIONS

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

“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 and completion of the same took place on 1 July 2009;
“Announcement”	the announcement made by the Company dated 16 November 2009 relating to the Subscription;
“associate(s)”	has the same meaning ascribed thereto under the GEM Listing Rules;
“Board”	the board of Directors;
“business day”	a day (excluding Saturday) on which banks in Hong Kong are generally open for business;
“Company”	Long Success International (Holdings) Limited (百齡國際(控股)有限公司)*, an exempted company incorporated in Bermuda with limited liability and the issued Shares of which are listed on GEM;
“connected person(s)”	has the same meaning ascribed thereto under the GEM Listing Rules;
“Directors”	directors of the Company;
“Donvex Capital” or “Independent Financial Adviser”	Donvex Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder;
“GEM”	the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;

* for identification purpose only

DEFINITIONS

“General Mandate Subscription”	the subscription of 154,000,000 Shares (to be issued under the general mandate) by independent third parties pursuant to a subscription agreement entered into between the Company and such independent third parties on 16 November 2009, particulars of which are set out in the Announcement;
“2008 General Mandate”	the general unconditional mandate to issue Shares granted to the Directors at the annual general meeting of the Company held on 30 July 2008;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Independent Board Committee”	an independent committee of the Board comprising Mr. Ng Kwok Chu, Winfield; Mr. Ng Chau Tung, Robert and Mr. Tse Ching Leung to advise the Independent Shareholders on the Subscription and the transactions contemplated thereunder;
“Independent Shareholder(s)”	Shareholder(s) other than the Subscribers and their associates and parties acting in concert with them;
“Latest Practicable Date”	23 November 2009 being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular;
“Last Trading Day”	16 November 2009, being the last full trading day for the Shares immediately before the issue of the Announcement;
“Mr. Wong”	Mr. Wong Kam Leong, the Chairman and an executive Director of the Company;
“Mr. Zhang”	Mr. Zhang Chi, a director of the board of Jining Gangning Paper Co, Ltd., a subsidiary of the Company;
“PRC”	the People’s Republic of China, and for the sole purpose of this circular excludes Hong Kong, Macau Special Administrative Region and Taiwan;
“Redeemable Convertible Note”	the redeemable convertible note in the principal amount of HK\$15,000,000 with an interest rate of 36% per annum issued by the Company on 13 July 2009;

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	share(s) of HK\$0.04 each in the capital of the Company;
“Shareholder(s)”	holder(s) of Shares;
“SGM”	the special general meeting of the Company to be convened on Friday, 11 December 2009 at 10:30 a.m. at the Function Room of Macau Jockey Club, 1/F China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong to consider, if thought fit, and approve by the Independent Shareholders, among other things, the Subscription Agreement, the issue and allotment of the Subscription Shares and the transactions contemplated thereunder;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscribers”	Mr. Zhang and Wide Fine;
“Subscription”	the subscription of the Subscription Shares by the Subscribers pursuant to the terms of the Subscription Agreement;
“Subscription Agreement”	the subscription agreement dated 16 November 2009 entered into between the Subscribers and the Company in relation to the Subscription;
“Subscription Price”	HK\$0.2 per Subscription Share;
“Subscription Share(s)”	a total of 70,000,000 new Shares;
“Wide Fine”	Wide Fine International Limited; a company incorporated in Hong Kong with limited liability; and
“%”	per cent.

LETTER FROM THE BOARD



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

Ms. Li Jie Yi

Mr. Yip Wai Ki

Mr. Wu Bing Xiang

Registered Office:

Canon Court

22 Victoria Street

Hamilton HM12

Bermuda

Independent non-executive Directors:

Mr. Ng Kwok Chu, Winfield

Mr. Ng Chau Tung, Robert

Mr. Tse Ching Leung

*Head Office and Principal Place
of Business:*

26/F., EIB Centre

40-44 Bonham Strand

Sheung Wan

Hong Kong

25 November 2009

To the Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION

SUBSCRIPTION FOR SHARES BY CONNECTED PERSONS

1. INTRODUCTION

Reference is made to the announcement made by the Company dated 16 November 2009.

On 16 November 2009, the Company entered into, inter alia, the Subscription Agreement with the Subscribers pursuant to which the Subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to issue 70,000,000 Subscription Shares at the Subscription Price of HK\$0.2 per Subscription Share.

The Subscription Shares represent approximately 8.09% of the existing issued share capital of the Company of 865,445,000 as at the Latest Practicable Date and approximately 7.48% of the issued share capital of the Company of 935,445,000 as enlarged by the issue and allotment of the Subscription Shares.

* for identification purpose only

LETTER FROM THE BOARD

One of the Subscribers, Wide Fine, is a substantial Shareholder of the Company and the other Subscriber, Mr. Zhang, is a director of a subsidiary of the Company. As the Subscribers are connected persons of the Company within the meaning of the GEM Listing Rules, the Subscription constitutes a connected transaction under Chapter 20 of the GEM Listing Rules and is subject to, among other things, the approval of the Independent Shareholders at the SGM.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders in relation to the Subscription and the transactions contemplated thereunder. Donvex Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Subscription and the transactions contemplated thereunder.

The purpose of this circular is to provide you with information in respect of, among other things, (i) further details of the Subscription and the transactions contemplated thereunder; (ii) the letter of the Independent Board Committee containing its advice and recommendation in respect of the Subscription and the transactions contemplated thereunder; (iii) the letter from Donvex Capital to the Independent Board Committee and the Independent Shareholders in respect of the Subscription and the transactions contemplated thereunder; and (iv) a notice to convene the SGM.

2. THE SUBSCRIPTION AGREEMENT

Subscription Agreement dated 16 November 2009

Parties

Issuer

The Company

Subscribers

- (i) Wide Fine, a company incorporated in Hong Kong as an investment holding company; and a substantial Shareholder of the Company holding approximately 24.63% of the issued share capital of the Company as at the Latest Practicable Date and being wholly owned by Mr. Wong, the Chairman and an executive Director of the Company; and
- (ii) Mr. Zhang, a director of a subsidiary of the Company, who held 1,350,000 Shares as at the Latest Practicable Date.

Number of Subscription Shares

The Subscription Shares represent (i) approximately 8.09% of the existing issued share capital of the Company of 865,445,000 Shares as at the Latest Practicable Date; and (ii) approximately 7.48% of the issued share capital of the Company of 935,445,000 Shares as enlarged by the issue and allotment of the Subscription Shares.

LETTER FROM THE BOARD

Allocation of Subscription Shares

The following table summaries the number of Subscription Shares and the aggregate amount of the Subscription Price to be paid by each of the Subscribers:

Name of Subscriber	Number of Subscription Shares	Aggregate amount of Subscription Price (HK\$)
Wide Fine	35,000,000	7,000,000
Mr. Zhang	35,000,000	7,000,000
	<hr/>	<hr/>
Total:	70,000,000	14,000,000
	<hr/> <hr/>	<hr/> <hr/>

Each of the Subscribers will pay a sum equivalent to their respective aggregate amount of Subscription Price to the Company as deposit within seven (7) business days from the signing of the Subscription Agreement and such deposit shall be refunded in full to the Subscribers if the conditions precedent of the Subscription Agreement cannot be satisfied.

Subscription Price

The Subscription Price of HK\$0.2 per Subscription Share was determined after arm's length negotiations between the Company and the Subscribers with reference to the prevailing market price of the Shares. The Board considers the Subscription Price to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Subscription Price represents:

- (i) a discount of approximately 5.66% to the closing price of HK\$0.212 per Share as stated in the daily quotation sheet of the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 5.30% to the average closing price of approximately HK\$0.2112 per Share as stated in the daily quotation sheet of the Stock Exchange for the last five trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 5.53% to the average closing price of approximately HK\$0.2117 per Share as stated in the daily quotation sheet of the Stock Exchange for the last 10 trading days up to and including the Last Trading Day; and
- (iv) a discount of approximately 5.66% to the closing price of HK\$0.212 per Share as stated in the daily quotation sheet of the Stock Exchange on the Latest Practicable Date.

Ranking of Subscription Shares

The Subscription Shares, when issued and fully paid, will rank pari passu among themselves and with the Shares in issue at the time of issue and allotment of the Subscription Shares.

LETTER FROM THE BOARD

Completion of the Subscription

The Subscription is expected to be completed within two (2) business days from the date of fulfillment of the conditions precedent set out below or such later date as the Company and the Subscribers may agree in writing.

Conditions of the Subscription Agreement

Completion of the Subscription Agreement is conditional upon:

- (i) the approval by the Independent Shareholders in relation to, inter alia, the Subscription Agreement, the issue and allotment of the Subscription Shares and the transactions contemplated thereunder at the SGM;
- (ii) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Subscription Shares; and
- (iii) (if required) the Bermuda Monetary Authority granting permission to allot and issue the Subscription Shares.

If the above conditions precedent of the Subscription Agreement are not fulfilled on or before 19 December 2009 or such later date as the parties to the Subscription Agreement may agree in writing, the Subscription Agreement shall terminate save in respect of any antecedent breach of any obligation under the Subscription Agreement and the Company shall return to each of the Subscribers the respective amount of deposit (but without interest) paid by them within seven (7) business days.

Listing of Subscription Shares

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Subscription Shares.

LETTER FROM THE BOARD

3. EFFECT ON THE SHAREHOLDING STRUCTURE

The effect of the Subscription 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:

Name of Shareholder	As at the Latest Practicable Date		Immediately after Completion of the Subscription	
	Number of Shares	% (approx.)	Number of Shares	% (approx.)
Wide Fine International Limited (Note 1)	213,125,000	24.63%	248,125,000	26.52%
Yip Wai Ki (Note 2)	500,000	0.06%	500,000	0.05%
Zhang Chi	1,350,000	0.15%	36,350,000	3.89%
Subtotal	214,975,000	24.84%	284,975,000	30.46%
Other public Shareholders	650,470,000	75.16%	650,470,000	69.54%
Total	865,445,000	100%	935,445,000	100%

Notes:

- The 213,125,000 Shares are beneficially owned by and registered in the name of Wide Fine International Limited, a company incorporated in Hong Kong with limited liability and is wholly-owned by Mr. Wong Kam Leong, the Chairman and an executive Director of the Company.
- Mr. Yip Wai Ki is an executive Director.

4. REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Group is principally engaged in paper manufacturing business; sharing of profits of a junket representative of a VIP lounge in a casino in Macau; money lending business and IT consulting services. In view of the current market conditions, the Directors consider that the Subscription represents a good opportunity to broaden the capital base of the Company and that the terms of the Subscription are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

The Company also entered into the General Mandate Subscription on 16 November 2009. The total proceeds from (i) the Subscription will be HK\$14,000,000 and (ii) the General Mandate Subscription will be HK\$30,800,000. After deducting the professional fees and other expenses in respect of which the Company is liable for in relation to the Subscription and the General Mandate Subscription, the maximum net proceeds from the Subscription and the General Mandate Subscription is estimated to be approximately HK\$44,000,000. The net price of each Subscription Share will be approximately HK\$0.196. The aggregate nominal value of the Subscription Shares is HK\$2,800,000.

LETTER FROM THE BOARD

The net proceeds from the Subscription and the General Mandate Subscription will be applied (i) as to HK\$26,600,000 for payment of outstanding purchase price under the Acquisition; (ii) as to HK\$15,450,000 for the redemption of the Redeemable Convertible Note; and (iii) as to the balance as general working capital of the Group.

5. FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The following table summarizes the fund raising activities of the Group for the 12 months immediately preceding the Latest Practicable Date.

Date of announcement	Event	Net proceeds raised	Intended use of proceeds	Actual use of proceeds
24 February 2009	Placing of new Shares under the 2008 General Mandate	HK\$10,800,000	General working capital to develop and expand the Group's principal business and future business developments	All of which has been applied as part payment of the refundable deposit under the Acquisition
19 June 2009	Issuing of Redeemable Convertible Note under the 2008 General Mandate	HK\$14,800,000	Financing the Acquisition and as general working capital of the Group	All of which has been applied as part payment of the balance of purchase price under the Acquisition
3 August 2009	Placing of new Shares under the 2008 General Mandate	HK\$10,300,000	Financing the Acquisition and as general working capital of the Group	All of which has been applied as part payment of the balance of purchase price under the Acquisition

6. GEM LISTING RULES IMPLICATIONS

One of the Subscribers, Wide Fine, is a substantial Shareholder of the Company and the other Subscriber, Mr. Zhang, is a director of a subsidiary of the Company. As the Subscribers are connected persons of the Company within the meaning of the GEM Listing Rules, the Subscription constitutes a connected transaction under Chapter 20 of the GEM Listing Rules and is subject to, among other things, the approval of the Independent Shareholders at the SGM.

Each of the Subscribers and their respective associates and parties acting in concert with them, holding in aggregate 214,475,000 Shares, representing approximately 24.78% of the issued share capital of the Company, will abstain from voting in respect of the Subscription and the transactions contemplated thereunder at the SGM.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, apart from the Subscribers and their respective associates and parties acting in concert with them, no other Shareholders will be required to abstain from voting in respect of the Subscription and the transactions contemplated thereunder at the SGM.

LETTER FROM THE BOARD

7. SGM

A notice convening the SGM at which an ordinary resolution will be proposed to consider, and if thought fit, to approve the terms of the Subscription Agreement, the issue and allotment of the Subscription Shares and the transactions contemplated thereunder to be held at the Function Room of Macau Jockey Club, 1/F China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong at 10:30 a.m. on Friday, 11 December 2009 is set out on pages 28 to 29. Voting on the ordinary resolution will be taken by poll.

Whether or not you propose to attend the SGM, you are requested to complete the enclosed form of proxy and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the SGM. The completion and return of the form of proxy will not prevent you from attending and voting in person at the SGM if you so wish.

8. RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the view that the terms of the Subscription Agreement are fair and reasonable, on normal commercial terms and the entering into of the Subscription 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 Subscription Agreement, the issue and allotment of the Subscription Shares and the transactions contemplated thereunder to be proposed at the SGM.

9. ADDITIONAL INFORMATION

The Independent Board Committee has been formed to advise the Independent Shareholders in respect of the Subscription and the transactions contemplated thereunder. Donvex Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in such regard. Your attention is drawn to the letter from the Independent Board Committee set out on page 11 of this circular, which contains its recommendation to the Independent Shareholders, and the letter from Donvex Capital set out on pages 12 to 22 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders.

Your attention is also drawn to the general information set out in the Appendix to this circular.

Yours faithfully,
For and on behalf of
Long Success International (Holdings) Limited
Wong Kam Leong
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



LONG SUCCESS INTERNATIONAL (HOLDINGS) LIMITED

百齡國際（控股）有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 8017)

25 November 2009

To the Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION
SUBSCRIPTION FOR SHARES BY CONNECTED PERSONS

We refer to the circular of the Company dated 25 November 2009 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalized terms used in this letter will have the same meanings given to them in the section headed “Definitions” of the Circular.

We have been appointed to form the Independent Board Committee to consider the Subscription and to advise the Independent Shareholders whether, in our opinion, the terms of the Subscription are fair and reasonable and of normal commercial terms so far as the Independent Shareholders are concerned and whether the Subscription is in the interests of the Company and the Shareholders as a whole. Donvex Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription.

We wish to draw your attention to the letter from the Board set out in the section headed “Letter from the Board” in the Circular which contains, among others, information on the Subscription, and the letter of advice from Donvex Capital set out in the section “Letter from the Independent Financial Adviser” in the Circular which contains its advice in respect of the Subscription.

Having considered the terms of the Subscription, and having taken into account the advice of Donvex Capital, we consider that the terms of the Subscription are fair and reasonable and of normal commercial terms so far as the Independent Shareholders are concerned and the Subscription is in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Subscription Agreement, the issue and allotment of the Subscription Shares and the transactions contemplated thereunder.

Yours faithfully,
The Independent Board Committee of
Long Success International (Holdings) Limited
Ng Kwok Chu, Winfield **Ng Chau Tung, Robert** **Tse Ching Leung**
Independent non-executive Directors

* for identification purpose only

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from Donvex Capital Limited setting out their advice to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



Unit 1305, Carpo Commercial Building
18-20 Lyndhurst Terrace
Central
Hong Kong

25 November 2009

The Independent Board Committee and the Independent Shareholders
Long Success International (Holdings) Limited
26/F., EIB Centre
40-44 Bonham Strand
Sheung Wan
Hong Kong

Dear Sirs,

CONNECTED TRANSACTION SUBSCRIPTION FOR SHARES BY CONNECTED PERSONS

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Subscription, details of which are set out in the "Letter from the Board" (the "Letter from the Board") in the circular (the "Circular") issued by the Company to the Shareholders dated 25 November 2009, of which this letter forms part. Terms used in this letter have the same meanings as defined elsewhere in the Circular unless the context requires otherwise.

On 16 November 2009, the Company entered into the Subscription Agreement with the Subscribers pursuant to which the Subscribers agreed to subscribe for and the Company agreed to issue and allot 70,000,000 Shares at the Subscription Price of HK\$0.2 per Share.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Subscription Shares represent approximately 8.09% of the existing issued share capital of the Company and approximately 7.48% of the issued share capital of the Company as enlarged by the Subscription. The entire total proceeds from the Subscription and the General Mandate Subscription amounts to approximately HK\$14 million and HK\$30.8 million respectively, which will be applied (i) as to HK\$26.6 million for payment of outstanding purchase price under Acquisition; (ii) as to HK\$15.4 million for the redemption of the Redeemable Convertible Note; and (iii) as to the balance for general working capital purposes.

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Subscription Shares to be issued pursuant to the Subscription Agreement. One of the Subscribers, Wide Fine, is a substantial Shareholder of the Company and the other Subscriber, Mr. Zhang, is a director of a subsidiary of the Company. As the Subscribers are connected persons of the Company within the definition of the GEM Listing Rules, the Subscription constitutes a connected transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules and is subject to the approval of the Independent Shareholders.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Ng Kwok Chu Winfield, Ng Chau Tung Robert, and Tse Ching Leung, has been formed to advise the Independent Shareholders as to whether the terms of the Subscription are fair and reasonable so far as the Independent Shareholders are concerned and whether the Subscription is in the interests of the Company and the Independent Shareholders as a whole.

BASIS OF OUR OPINION

In forming our opinion and recommendation, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries. We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete as at the date of the Circular and that all expectations and intentions of the Directors, management of the Company and its subsidiaries, will be met or carried out as the case may be. We have no reasons to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors, management of the Company and its subsidiaries. The Directors have confirmed to us that no material facts have been omitted from the information supplied and opinions expressed. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors, management of the Company and its subsidiaries.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have relied on such information and opinions and have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation in to the business, financial conditions and affairs of the Group or its future prospect.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Subscription, we have considered the principal factors and reasons set out below:

1. Background of the Company

The Group is principally engaged in paper manufacturing business, sharing of profits of a junket representative of a VIP lounge in a casino in Macau, money lending business and IT consulting services.

The table below tabulates the financial results of the Group for the two years ended 31 March 2009, as extracted from the Company's annual report for the financial year ended 31 March 2009.

	Year ended 31 March 2009	Year ended 31 March 2008
	(Audited)	(Audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	12,778	25,424
Loss before taxation	(37,059)	(41,824)
Loss after taxation	(37,393)	(41,824)

For the year ended 31 March 2009, the Group's turnover decreased by approximately 49% to approximately HK\$12.8 million and recorded a loss after taxation of approximately HK\$37.4 million when compared to last year's turnover of approximately HK\$25.4 million and loss after taxation of approximately HK\$41.8 million. As set out in the 2009 Annual Report, the decrease in revenue was mainly due to the disappointing performance of the IT consulting services and gaming and entertainment business in Macau generally. In July 2008, the measures adopted by the Guangdong government to further tighten individual visits to Macau under the individual visit scheme and global financial meltdown drove down the VIP gaming revenue during year 2008. With the global recession in 2008, there was a substantial decrease in the demand for customized software and related computer equipments.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Reasons for the Subscription

As stated in the Letter from the Board, the entire total proceeds from the Subscription and the General Mandate Subscription amounts to approximately HK\$14 million and HK\$30.8 million respectively, which will be applied (i) as to HK\$26.6 million for payment of outstanding purchase price under Acquisition; (ii) as to HK\$15.4 million for the redemption of the Redeemable Convertible Note; and (iii) as to the balance for general working capital purposes. Although there is no detailed business expansion plan, the Company intends to capture more business opportunity which will require good cashflow to support.

As mentioned in the Letter from the Board, the entire net proceeds from the Redeemable Convertible Note and the subscription of shares in August 2009 have been used to finance the Acquisition. However, the interest rate of the Redeemable Convertible Note is 36% per annum which the Company considers the cost of financing is relatively high as compared to the cost of fund raising from the Subscription and the General Mandate Subscription. The net proceeds from the General Mandate will only be sufficient to finance the outstanding balance under Acquisition. In order to reduce the cost of financing of the Acquisition, the net proceeds from the Subscription and the remaining balance from the General Mandate Subscription after making the payment of outstanding purchase price under Acquisition will be sufficient for the redemption of the Redeemable Convertible Note. Furthermore the Subscription demonstrates the commitment and devotion of the Subscribers who have confidence on the future development of the Company. Based on the above, we are of the view that it is reasonable to obtain financing from the connected parties and use the proceeds from the Subscription to reduce the cost of financing of the Acquisition given that the Directors had considered and explored various means to raise fund as mention below.

We were advised by the Directors that they had considered and explored various means to raise fund (including debt financing, open offer, rights issue and placement made to independent third parties) other than the Subscription. We are of the view that (i) given the current unfavourable market sentiment in the stock and loan market, there are uncertainties in securing subscription from other investors and/or borrowings from lenders with favourable terms save for the subscription to independent third parties earlier in 2009, the Redeemable Convertible Note; the General Mandate Subscription and the Subscription; (ii) in case of an open offer/rights issue where all Shareholders are given a chance to participate and maintain their respective shareholding in the Company; it would be difficult to identify a capable underwriter at favourable terms given with the current market condition; and (iii) as for the other forms of debt financing, the Company's net asset value is also expected to experience a negative impact in the long run as: (a) when the proceeds are spent as expenses in the Group's income statement, total assets (i.e. cash) would be reduced but total liabilities would remain the same; (b) when proceeds are spent in the purchase of assets, total assets would be reduced over time through depreciation but total liabilities would remain the same; and (c) debt financing is subject to interest payments which have a negative impact on the Group's total assets.

Besides, the Directors are of the view that the Subscription is in the interests of the Company and the Shareholders as a whole because (i) compared with debt financing which incur interest expenses, the Directors are of the view that the Subscription represents an opportunity to raise capital for the Company at a considerably lower cost to enhance the general working capital of the Group. The Directors have also considered that any debt financing would inevitably require the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

repayment of the outstanding principal at maturity whereas no such repayment is required under the Subscription. In view of the above, we concur with the Directors' view that the Subscription is the preferred method compared to other means of financing.

Having considered the reasons for the Subscription as stated above, we are of the view that the Subscription is in the interests of the Group and the Independent Shareholders as a whole.

3. The Subscription Price

The Subscription Price of HK\$0.2 per Share represents:

- (i) a discount of approximately 5.66% to the closing price of HK\$0.212 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 5.3% to the average closing price per Share of HK\$0.2112 in the last five consecutive trading days up to and including the Last Trading Day; and
- (iii) a discount of approximately 5.53% to the average closing price per Share of HK\$0.2117 in the last ten consecutive trading days up to and including the Last Trading Day.

During the period of twelve full calendar months up to the Last Trading Day, the lowest closing price of the Shares of HK\$0.072 was recorded on 25 November 2008 and the highest closing price of the Shares of HK\$0.25 was recorded on 19 February 2009. The Subscription Price represents a premium of approximately 177% over such lowest price and a discount of approximately 20% to such highest price respectively. As such, we are of the view that the Subscription Price is fair and reasonable as compared to the lowest closing price of the Shares and the highest closing price of the Shares.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In assessing the fairness and reasonableness of the Subscription Price by reference to the recent market price of the Shares, we have identified and reviewed the recent share placements and/or subscription of new shares by companies listed on GEM board of the Stock Exchange by/ to connected persons under specific mandate during the period from 6 July 2009 up to the Latest Practicable Date (the “Comparables”). The following table sets out the premium/(discount) represented by the placing/subscription price to (i) the closing price on the last trading day prior to the release of the announcement of the comparable companies; (ii) the average 5 –day closing price prior to the release of the relevant announcement; and (iii) the average 10-day closing price prior to the release of the relevant announcement:

Date of announcement	Name of listed company (stock code)	Placing/subscription price per share <i>HK\$</i>	Approximate premium/(discount) to the closing price on the last trading day prior to the release of the relevant announcement <i>%</i>	Approximate premium/(discount) of placing/subscription price per share over/to average closing price per share in the 5 trading days prior to the release of the announcement <i>%</i>	Approximate premium/(discount) of placing/subscription price per share over/to average closing price per share in the 10 trading days prior to the release of the announcement <i>%</i>
6 July 2009	WLS Holdings Limited (8021)	0.201	19.60	19.15	17.72
10 July 2009	INNO-TECH HOLDINGS LIMITED (8202)	0.138	51.65	56.11	54.88
14 July 2009	China Data Broadcasting Holdings Limited (8016)	0.30	(79.17)	(79.17)	(78.87)
20 July 2009	CHINA E-LEARNING GROUP LIMITED (8055)	0.18	(16.28)	(17.43)	–
20 July 2009	CHINA ELECTRIC POWER TECHNOLOGY HOLDINGS LIMITED (8053)	0.253	(19.7)	(18.6)	(19.0)
21 July 2009	China Post E-Commerce (Holdings) Limited (8041)	0.38	(9.52)	(7.32)	–
27 July 2009	GREAT WORLD COMPANY HOLDINGS LTD (8003)	0.265	(14.52)	(19.70)	–

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Date of announcement	Name of listed company (stock code)	Placing/ subscription price per share <i>HK\$</i>	Approximate premium/ (discount) to the closing price on the last trading day prior to the release of the relevant announcement <i>%</i>	Approximate premium/ (discount) of placing/ subscription price per share over/to average closing price per share in the 5 trading days prior to the release of the announcement <i>%</i>	Approximate premium/ (discount) of placing/ subscription price per share over/to average closing price per share in the 10 trading days prior to the release of the announcement <i>%</i>
3 August 2009	LONG SUCCESS INTERNATIONAL (HOLDINGS) LIMITED (8017)	0.04	(11.11)	(11.50)	(11.11)
10 August 2009	Lee's Pharmaceutical Holdings Limited (8221)	0.64	(17.95)	(18.58)	(17.53)
14 August 2009	KAISUN ENERGY GROUP LIMITED (8203)	0.70	(11.39)	(11.39)	(7.89)
21 August 2009	NETEL TECHNOLOGY (HOLDINGS) LIMITED (8256)	0.11	(8.33)	(3.34)	(3.25)
24 August 2009	GRAND T G GOLD HOLDINGS LIMITED (8299)	0.07	(51.72)	(51.66)	(52.99)
25 August 2009	CHINA NONFERROUS METALS COMPANY LIMITED (8306)	0.26	(14.75)	(5.60)	–
27 August 2009	Heng Xin China Holdings Limited (8046)	0.70	(6.67)	(8.14)	–
8 September 2009	CHINA DIGITAL LICENSING (GROUP) LIMITED (8175)	0.105	19.85	19.60	11.32
8 September 2009	CARDLINK TECHNOLOGY GROUP LIMITED (8066)	1.25	(10.71)	(12.21)	8.23
9 September 2009	CHINA NONFERROUS METALS COMPANY LIMITED (8306)	0.26	(7.14)	(0.38)	–
9 September 2009	CHINA CHIEF CABLE TV GROUP LIMITED (8153)	0.25	(9.1)	(9.7)	(9.1)
19 September 2009	GLOBAL RESOURCES DEVELOPMENT (HOLDING) LIMITED (8116)	0.33	(17.50)	(19.51)	(18.52)
25 September 2009	CCID CONSULTING COMPANY LIMITED (8235)	0.25	51.5	51.5	48.5

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Date of announcement	Name of listed company (stock code)	Placing/ subscription price per share <i>HK\$</i>	Approximate premium/ (discount) to the closing price on the last trading day prior to the release of the relevant announcement <i>%</i>	Approximate premium/ (discount) of placing/ subscription price per share over/to average closing price per share in the 5 trading days prior to the release of the announcement <i>%</i>	Approximate premium/ (discount) of placing/ subscription price per share over/to average closing price per share in the 10 trading days prior to the release of the announcement <i>%</i>
6 October 2009	ROJAM ENTERTAINMENT HOLDINGS LIMITED (8075)	0.10	(7.4)	(7.2)	(14.7)
23 October 2009	CORE HEALTHCARE INVESTMENT HOLDINGS LIMITED (8250)	0.13	(12.75)	(12.75)	-
30 October 2009	GRAND T G GOLD HOLDINGS LIMITED (8299)	0.125	(14.97)	(17.76)	(15.88)
2 November 2009	APTUS HOLDINGS LIMITED (8212)	0.25	(16.67)	(2.34)	(0.01)
5 November 2009	VERTEX GROUP LIMITED (8228)	0.108	(19.40)	0.19	5.26
9 November 2009	China Bio-Med Regeneration Technology Limited (8158)	0.26	(16.13)	(19.25)	(21.69)
10 November 2009	EVERPRIDE BIOPHARMACEUTICAL COMPANY LIMITED (8019)	0.159	(19.70)	(16.91)	(37.07)
10 November 2009	WLS Holdings Limited (8021)	0.3	27.12	72.41	74.42

We note from the above that the placing/subsorption price of the Comparables ranged from (i) a maximum premium of approximately 51.65% to a maximum discount of approximately 79.17% to the closing on the last trading day prior to the release of the relevant announcement with an average discount of approximately 8.67%; (ii) a maximum premium of approximately 72.41% to a maximum discount of approximately 79.17% to the average closing price for the last five trading days prior to the release of the relevant announcement with an average discount of approximately 5.41%; and (iii) a maximum premium of approximately 74.42% to a maximum discount of approximately 78.87% to the average closing price for the last ten trading days prior to the release of the relevant announcement with an average discount of approximately 3.12%. We note that the discount of approximately 5.66% of the Subscription Price to the closing price on the Last Trading Day prior to the release of the Announcement and, the discount of approximately 5.3% of the Subscription Price to average closing price per share in the 5 trading days prior to the release of the Announcement are within the range of the Comparables and are less than the average discount. We also note that the discount of approximately 5.53% of the Subscription Price to average closing

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

price per share in the 10 trading days prior to the release of the Announcement is within the range of the discounts of the Comparables and is only slightly above the average discount. In view of the above, we consider the Subscription Price is favourable to the Company and the Independent Shareholders.

We wish to highlight that the above comparisons of the Comparables are for illustrative purposes only, as each of the Comparables may not be entirely comparable to the Subscription, given the respective companies may not be direct comparable with the Company in terms of the geographical spread of activities, scale of operations, asset base, market capitalization, risk profile, track record, composition of their business activities, future prospects and other relevant criteria. All these factors may affect the valuation of a company as indicated by the varied range of result in our comparisons.

4. Potential financial effects of the Subscription on the Group

Cash position

According to the 2009 Annual Report, the Group had cash and bank balance of approximately HK\$2.9 million as at 31 March 2009. Upon completion of the Subscription, the cash and bank balance of the Group would have been increased by the net proceeds from the Subscription.

Net assets

According to the 2009 Annual Report, the consolidated net assets as at 31 March 2009 was approximately HK\$105 million. Upon completion of the Subscription, the consolidated net assets would have been increased by the net proceeds from the Subscription.

Gearing

The Group's gearing ratio (calculated as total borrowings over shareholders' funds) as at 31 March 2009 was approximately 9.5%. Upon completion of the Subscription, the gearing ratio of the Group would have been improved as a result of the enlarged equity base.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

5. Dilution effect of the Subscription

The following table summarizes the effects on the shareholding structure of the Company pursuant to the Subscription assuming there is no General Mandate Subscription and exercise of withstanding options under the share option scheme of the Company:

Name of shareholder	As at the Latest Practicable Date		Immediately after completion of the Subscription	
	No of Shares	% of issued capital of the Company (%)	No of Shares	% of enlarged issued share capital of the Company (%)
Wide Fine International Limited	213,125,000	24.63%	248,125,000	26.52%
Yip Wai Ki	500,000	0.06%	500,000	0.05%
Zhang Chi	1,350,000	0.15%	36,350,000	3.89%
Subtotal	214,975,000	24.84%	284,975,000	30.46%
Other public Shareholder	650,470,000	75.16%	650,470,000	69.54%
Total	865,445,000	100%	935,445,000	100%

The Subscription Shares represent approximately 8.09% of the existing issued share capital of the Company and approximately 7.48% of the issued share capital of the Company as enlarged by the Subscription. As noted from the table set out above, upon completion of the Subscription, the shareholdings of the existing public Shareholders will be diluted to 69.54% from 75.16% as at the Latest Practicable Date.

As set out in the above table, the public shareholding would be diluted by approximately 5.62% immediately after completion of the Subscription. Given the fact that a dilution effect on shareholding is inevitable for any issue of new shares on a non-pro rata basis, we are of the view that the level of dilution after the Subscription to the shareholdings of the public Shareholders is acceptable.

Having considered:

- (i) given that the Company has explored other means of raising funds but given the current unfavourable market sentiment in the stock and loan market, there are uncertainties in securing subscription from investors and/or borrowings from lenders with favourable terms save for the subscription to independent third parties in 2009 earlier, the Redeemable Convertible Note, the General Mandate Subscription and Subscription;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (ii) in case of an open offer/rights issue where all Shareholders are given a chance to participate and maintain their respective shareholding in the Company; the Directors believe that it would be difficult to identify a capable underwriter at favourable terms given with the current market condition;
- (iii) as for the other forms of debt financing, the Company's net asset value is also expected to experience a negative impact in the long run as: (a) when the proceeds are spent as expenses in the Group's income statement, total assets (i.e. cash) would be reduced but total liabilities would remain the same; (b) when proceeds are spent in the purchase of assets, total assets would be reduced over time through depreciation but total liabilities would remain the same; and (c) debt financing is subject to interest payments which have a negative impact on the Group's total assets; and
- (iv) the estimated total proceeds to be generated from the Subscription of approximately HK\$14 million is interest-free and does not require repayment in the future with little to no financial burden on the Group,

we consider the aforesaid dilution effects on the net asset per Share and shareholding of the Independent Shareholder expected to arise out of the Subscription is acceptable.

Taking in to account (i) the reasons for the Subscription; (ii) the fairness and reasonableness of the Subscription Price; and (iii) a dilution effect on shareholding is inevitable for any issue of new Shares on a non-pro rata basis; and (iv) the positive financial effect of the Subscription on the Group, we are of the view that the dilution effect on the shareholdings of the public Shareholders is acceptable.

Conclusion

Having taken into consideration of the above principal factors and reasons, we are of the view that the terms of the Subscription are fair and reasonable so far as the Independent Shareholders are concerned and the at the Subscription is in the interests of the Company and the Independent Shareholders as a whole. We therefore advise the Independent Shareholders, to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Subscription.

Yours faithfully,
For and on behalf of
Donvex Capital Limited
Doris Sy
Director

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:

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

2. DISCLOSURE OF INTERESTS

A. Directors' and chief executive's interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the Chief Executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the shares and underlying shares of the Company:

Directors	Type of interest	Number of ordinary shares of the Company	Number of underlying shares of the Company	Aggregate long positions in shares of the Company	Percentage of Shareholding
Wong Kam Leong	Corporate Interest	213,125,000 (Note 1)	-	-	-
	Personal Interest	-	8,250,000 (Note 2)	221,375,000	25.58%

Directors	Type of interest	Number of ordinary shares of the Company	Number of underlying shares of the Company	Aggregate long positions in shares of the Company	Percentage of Shareholding
Yip Wai Ki	Personal Interest	500,000	1,500,000 <i>(Note 3)</i>	2,000,000	0.23%
Wu Bing Xiang	Personal Interest	–	8,200,000 <i>(Note 4)</i>	8,200,000	0.95%
Ng Kwok Chu, Winfield	Personal Interest	–	500,000 <i>(Note 5)</i>	500,000	0.06%
Ng Chau Tung, Robert	Personal Interest	–	500,000 <i>(Note 5)</i>	500,000	0.06%
Tse Ching Leung	Personal Interest	–	700,000 <i>(Note 6)</i>	700,000	0.08%

Notes:

1. The 213,125,000 Shares in the Company 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, the Chairman and an executive Director of the Company.
2. As at the Latest Practicable Date, the named Director held 8,250,000 share options conferring rights to subscribe for 8,250,000 Shares.
3. As at the Latest Practicable Date, the named Director held 1,500,000 share options conferring rights to subscribe for 1,500,000 Shares.
4. As at the Latest Practicable Date, the named Director held 8,200,000 share options conferring rights to subscribe for 8,200,000 Shares.
5. As at the Latest Practicable Date, the named Director held 500,000 share options conferring rights to subscribe for 500,000 Shares.
6. As at the Latest Practicable Date, the named Director held 700,000 share options conferring rights to subscribe for 700,000 Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the Chief Executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

B. Substantial shareholders' interests and short positions in the shares and underlying shares of the Company

The register of substantial shareholders maintained under section 336 of the SFO shows that as at the Latest Practicable Date, the Company had been notified of the following substantial Shareholder's interests, being 5% or more of the Company's issued share capital.

Long positions in shares and underlying shares of the Company:

Name	Number of ordinary shares held	Number of underlying shares held	Aggregate long positions in shares of the Company	Percentage of shareholding
Wide Fine International Limited (<i>Note 1</i>)	213,125,000	–	213,125,000	24.63%

Note:

- Wide Fine International Limited is beneficially and wholly owned by Mr. Wong Kam Leong, the Chairman and an executive Director of the Company.

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified of any other person (other than a Director or the Chief Executive of the Company) having an interest or short position in the shares and underlying shares of the Company that was required to be reported pursuant to section 336 of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into any service contract with the Company or any of its subsidiaries (excluding contracts expiring or determinable by the employer within one year without payment of compensation, other than statutory compensation).

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective associates had any interests in any business that competes or is likely to compete, either directly or indirectly, with the business of the Group.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2009, being the date to which the latest published audited financial statements of the Company were made up.

6. DIRECTORS' INTEREST IN THE GROUP'S ASSETS AND CONTRACTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which had been, since 31 March 2009 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group. No contract or arrangement in which any of the Directors was materially interested and which was significant in relation to the business of the Group subsisted as at the Latest Practicable Date.

7. EXPERT AND CONSENT

The following is the qualification of the expert who has given its opinion or advice which is contained in this circular:

Name	Qualification
Donvex Capital	A licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, Donvex Capital had no shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group and had no direct or indirect interests in any assets which had been, since 31 March 2009 (being the date to which the latest published audited financial statements of the Company were made up), acquired, disposed of by or leased to any member of the Group, or were proposed to be acquired, disposed of by or leased to any member of the Group.

Donvex Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the reference to its name included herein in the form and context in which they appear.

8. GENERAL

- (a) The registered office of the Company is at Canon Court, 22 Victoria Street, Hamilton HM12, Bermuda.
- (b) 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.
- (c) The secretary and qualified accountant of the Company is Mr. Yeung Shun Kee.
- (d) The compliance officer of the Company is Mr. Wong Kam Leong.

- (e) The share register and transfer office of the Company is Computershare Hong Kong Investor Services Limited, which is situate at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queens' Road East, Wanchai, Hong Kong.
- (f) This circular has been prepared in both English and Chinese. In the event of any discrepancy, the English text shall prevail.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during 9:00 a.m. to 5:00 p.m. at the head office and principal place of business of the Company in Hong Kong at 26/F, EIB Centre, 40-44 Bonham Strand, Sheung Wan, Hong Kong up to and including 10 December 2009:

- (a) the bye-laws of the Company;
- (b) the annual reports of the Company for the two years ended 31 March 2009;
- (c) the Subscription Agreement;
- (d) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on page 11 of this circular;
- (e) the letter from Donvex Capital, the Independent Financial Adviser, to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 12 to 22 of this circular; and
- (f) the written consent from Donvex Capital referred to in the paragraph headed "Expert and Consent" in this appendix.

NOTICE OF SGM



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 Jockey Club, 1/F China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Friday, 11 December 2009 at 10:30 a.m. for the following purposes:

ORDINARY RESOLUTION

1. “THAT:

- (a) the subscription agreement (the “**Subscription Agreement**”) dated 16 November 2009 between the Company, Wide Fine International Limited and Mr. Zhang Chi (the “**Subscribers**”) pursuant to which, inter alia, the Subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to issue 70,000,000 new shares of HK\$0.04 each (the “**Subscription Shares**”) in the share capital of the Company at a price (“**Subscription Price**”) of HK\$0.2 per Subscription Share (a copy of which has been produced to this meeting marked “A” and initialed by the Chairman of the meeting for identification purpose) and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;
- (b) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and the permission to deal in, the Subscription Shares, the directors of the Company (the “**Directors**”) be and are hereby authorized to issue and allot the Subscription Shares pursuant to and in accordance with the terms and conditions of the Subscription Agreement; and
- (c) any one or more of the Directors be and is/are hereby authorized to do all other acts and things and execute all documents which he/she/they consider(s) necessary or expedient for the implementation of and giving effect to the Subscription Agreement and the transactions contemplated thereunder.”

By Order of the Board

Long Success International (Holdings) Limited

Wong Kam Leong

Chairman

Hong Kong, 25 November 2009

* for identification purpose only

NOTICE OF SGM

Registered Office:

Canon Court
22 Victoria Street
Hamilton HM12
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 in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, 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.

As at the date of this notice, the Board comprises four executive Directors, namely Mr. Wong Kam Leong, Ms. Li Jie Yi, Mr. Yip Wai Ki and Mr. Wu Bing Xiang; and three independent non-executive Directors, namely Mr. Ng Kwok Chu, Winfield, Mr. Ng Chau Tung, Robert and Mr. Tse Ching Leung.