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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)

## **PROPOSED ISSUE OF CONVERTIBLE NOTES**

**Financial Adviser to the Company**



**WALLBANCK BROTHERS  
Securities (Hong Kong) Limited**

### **THE SUBSCRIPTION AGREEMENT**

On 17 November 2010 (after the trading hours of the Stock Exchange), the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Subscriber has conditionally agreed to subscribe for the Notes in the principal amount of RMB70,000,000 (equivalent to approximately HK\$81,680,280) due five years from the Closing Date with the right to convert the Notes 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.

Assuming full conversion of the Notes at the Accreted Principal Amount and the initial Conversion Price, 474,928,028 Conversion Shares will be issued by the Company, representing (i) approximately 31.27% of the Company's existing issued share capital of the Company of 1,518,945,000 Shares as at the date of the Subscription Agreement; and (ii) approximately 23.82% of the Company's issued share capital as enlarged by the issue of the Conversion Shares of 1,993,873,028 Shares upon full conversion of the Notes.

The estimated net proceeds from the issue of the Notes (after deduction of all related expenses) of approximately RMB65,989,000 (equivalent to HK\$77,000,000) will be used for the payment for the Ever Stable Acquisition and as the general working capital of the Group.

A SGM will be held to consider and, if thought fit, passing the resolution to approve the Subscription Agreement and the transaction contemplated thereunder, including the Subscription and the issue of the Conversion Shares.

A circular containing, among other things, further details of the Subscription Agreement, the Subscription together with the notice of the SGM will be despatched to the Shareholders as soon as practicable in accordance with the GEM Listing Rules.

**Shareholders and potential investors should note that completion of the Subscription is subject to the fulfillment of the conditional precedent set out in the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares, and if they are in doubt about their position, they should consult their professional advisers.**

## **THE SUBSCRIPTION AGREEMENT**

Date: 17 November 2010 (after the trading hours of the Stock Exchange)

Issuer: The Company

Subscriber: Concept Capital Management Ltd., a company incorporated in Marshall Islands with limited liability and having its registered office at The Trust Company of the Marshall Islands, Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Subscriber and its ultimate beneficial owners are Independent Third Party.

### **Subscription**

The Subscriber has conditionally agreed to subscribe for the Notes in the principal amount of RMB70,000,000 (equivalent to approximately HK\$81,680,280) due five years from the Closing Date with the right to convert the Notes 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.

## **Principal term of the Subscription**

### **Subscription**

Principal amount:	RMB70,000,000 (equivalent to approximately HK\$81,680,280)
Denomination:	In denominations and integral amounts of RMB1,000,000.
Issue price:	The Notes will be issued at 100% of the principal amount.
Interest:	6% per annum (on the basis of a 360 day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.) on the outstanding principal amount of the Notes, payable annually in arrears by the Company each twelve months from the Closing Date and the unpaid interest (if any) shall be paid by the Company on the Maturity Date upon the redemption and conversion of the Notes.
Maturity Date:	The date which is five years from the Closing Date.
Conversion Right:	Provided that any conversion of the Notes (i) does not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Noteholder who has exercised its Conversion Rights and parties acting in concert (as defined under the Takeovers Code); (ii) will not cause the public float of the Company to be unable to meet the relevant requirements under the Listing Rules; and (iii) will be in compliance with applicable laws and regulations including but not limited to the Takeovers Code and the Listing Rules, the Notes are convertible in whole or in part in the option of Noteholders into Conversion Shares at the Conversion Price at any time during the Conversion Period.
Conversion Period:	The period commencing at any time from the thirtieth day after the issue of the Notes (or, if that is not a Business Day, the first Business Day thereafter) up to 4:00 p.m. (Hong Kong time) on the tenth day immediately before the Maturity Date (or, if that is not a Business Day, the first Business Day thereafter) both dates inclusive.

Conversion Price:

Initially at HK\$0.25 per Share, subject to adjustments and reset as set out and in accordance with the terms and conditions of the Notes.

The Conversion Price was arrived at after arm's length negotiations between the Company and the Subscriber and represents:

- (i) a premium of approximately 51.52% over the closing price of HK\$0.165 per Share as quoted on the Stock Exchange on 17 November 2010, being the last trading day of the Shares immediately prior to the date of the Subscription Agreement;
- (ii) a premium of approximately 52.63% over the average closing price of approximately HK\$0.1638 per Share as quoted on the Stock Exchange for the last five trading days up to and including 17 November 2010; and
- (iii) a premium of approximately 57.53% over the average closing price of approximately HK\$0.1587 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 17 November 2010.

The Board considers that the initial Conversion Price is fair and reasonable and in the interest of the Company and Shareholders as a whole.

Adjustment to the Conversion Price:

The Conversion Price will be adjusted in accordance with the relevant provisions under the terms and conditions of the Notes upon occurrence of, among other things, the following events:

- (a) any alteration to the nominal value of the Shares as a result of consolidation or sub-division;
- (b) issue of Shares by way of capitalization of profits or reserves (other than Share issued in lieu of a cash dividend);
- (c) capital distribution (as defined in the instrument creating Notes) to Shareholders;

- (d) right issue of Shares or options, warrants or other rights to subscribe for or purchase Shares at less than 95% of the then current market price (as defined in the instrument creating Notes) per Share;
- (e) right issue of other securities of the Company (other than Shares or options, warrants or other rights to subscribe for or purchase Shares);
- (f) issue for cash of Shares or options, warrants or other rights to subscribe for or purchase Shares at less than 95% of the then current market price per Share;
- (g) issue for cash of any securities carrying rights of conversion into, or conversion or subscription for Shares to be issued by the Company upon conversion, conversion or subscription at a consideration per Share which is less than 95% of the then current market price per Share;
- (h) where there is any modification made to the rights of conversion, conversion or subscription attached to any such securities issued under sub-paragraph (g) above so that the consideration per Share is less than 95% of the then current market price per Share;
- (i) offer of securities in connection with which Shareholders generally (meaning for this purpose holders of at least 60% of the Shares outstanding at the time such offer is made) are entitled to participate in arrangement whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under sub-paragraph (d) or (e) above); and

- (j) if the Company determines that any adjustment should be made to the Conversion Price as a result of one or more events not referred to in sub-paragraphs (a) to (i) above, the Company shall request its auditors to determine what adjustment, if any, to the Conversion Price is fair and reasonable.

In addition to the customary adjustments set out above, the Conversion Price is also subject to the Reset Adjustment on the Price Reset Date whereby the Conversion Price will be adjusted to the lower of (i) the Conversion Price at the Price Reset Date; and (ii) the average closing price per Share as quoted on the Stock Exchange for the last thirty trading days immediately prior to and including the Price Reset Date, provided that the Conversion Price after such Reset Adjustment shall not be lower than the Minimum Reset Price, HK\$0.1, which is 40% of the initial Conversion Price subject to customary adjustments as set out in sub-paragraphs (a) to (j) above.

Assuming full conversion of the Notes at the Accreted Principal Amount and the Minimum Reset Price, a maximum number of 1,187,320,070 Conversion Shares will be issued by the Company.

In addition, any adjustment to the Conversion Price shall not involve an increase in the Conversion Price (except upon any consolidation of the Shares pursuant to sub-paragraph (a) above). The Conversion Price may not be reduced so that, on conversion of any Notes, Conversion Shares will be issued at a discount to their par value.

“Accreted Principal Amount”

The Accreted Principal Amount in respect of each denomination of RMB1,000,000 principal amount of Notes, together with accrued interest from the immediately preceding Interest Payment Date or, if none, from the Closing Date, and after taking into account any interest paid in respect of such Notes in preceding periods, represents for the holder thereof on the relevant date for determination of the Accreted Principal Amount (the “**Determination Date**”) 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) and shall be calculated in accordance with the following formula, rounded (if necessary) to the nearest RMB with 0.5 being rounded upwards (provided that if the Determination Date is an Interest Payment Date, the Accreted Principal Amount shall be as set out in the table below in respect of such Interest Payment Date):

$$\text{Accreted Principal Amount} = \text{Previous Accreted Principal Amount} \times (1 + r)^{d/p} - \text{AI}$$

where:

Previous Accreted Principal Amount is equal to the Accreted Principal Amount on the Interest Payment Date immediately preceding the Determination Date as set out below (or, if the Determination Date is prior to the first Interest Payment Date, RMB1,000,000):

<b>Interest Payment Date</b>	<b>Accreted Principal Amount (RMB)</b>
The date falling 12th month anniversaries after the Closing Date	1,070,000
The date falling 24th month anniversaries after the Closing Date	1,149,100
The date falling 36th month anniversaries after the Closing Date	1,238,483
The date falling 48th month anniversaries after the Closing Date	1,339,486
The date falling 60th month anniversaries after the Closing Date	1,453,619

r = 13%

d = number of days from and including the immediately preceding Interest Payment Date (or, if the Determination Date is on or before the first Interest Payment Date, from and including the Closing Date) to but excluding the Determination Date, calculated on the basis of a 360 day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

p = 360

AI = accrued interest on the principal amount of the Notes from and including the immediately preceding Interest Payment Date (or, if the Determination Date is on or before the first Interest Payment Date, from and including the Closing Date) to but excluding the Determination Date, calculated on the basis of a 360 day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

Conversion Shares:

The number of Shares to be issued on exercise of the Conversion Right will be determined by dividing the Accreted Principal Amount (or, in the case of a conversion of part only of the Notes, the Accreted Principal Amount of the principal amount thereof being converted), together with accrued but unpaid interest to that date (if any) and converted into HK\$ at HK\$1.00=RMB0.8570, by the Conversion Price in effect on the date of conversion.



Assuming full conversion of the Notes at the Accreted Principal Amount and the initial Conversion Price, 474,928,028 Conversion Shares will be issued by the Company, representing (i) approximately 31.27% of the Company's existing issued share capital of the Company of 1,518,945,000 Shares as at the date of the Subscription Agreement; and (ii) approximately 23.82% of the Company's issued share capital as enlarged by the issue of the Conversion Shares of 1,993,873,028 Shares upon full conversion of the Notes.

Redemption:

The Notes will be redeemed by the Company on the Maturity Date in US\$ at the US\$ Equivalent Amount of their Accreted Principal Amount at the Maturity Date, together with accrued but unpaid interest to the relevant date fixed for such redemption.

Early redemption:

(1) Put option of the Noteholders

The Noteholder shall have the put option to require the Company to redeem the Convertible Notes in cash (in US\$ at the US\$ Equivalent Amount) of the Accreted Principal Amount at the particular Put Option Exercise Date, together with accrued and unpaid interest to such date (the "**Accreted Put Amount**") by way of a written notice to exercise the Put Option (the "**Put Option Notice**"), which shall only be exercisable by the Noteholders at the particular Put Option Payment Date and which must be presented at least 30 days before the Put Option Exercise Date:

- (i) on the last day of the 12th calendar month from the Closing Date (or, if that is not a Business Day, the first Business Day thereafter);
- (ii) on the last day of the 24th calendar month from the Closing Date (or, if that is not a Business Day, the first Business Day thereafter);
- (iii) on the last day of the 36th calendar month from the Closing Date (or, if that is not a Business Day, the first Business Day thereafter); and

- (iv) on the last day of the 48th calendar month from the Closing Date (or, if that is not a Business Day, the first Business Day thereafter)

(the “**Put Option Payment Dates**” and each a “**Put Option Payment Date**”)

Upon the exercise of the Put option, the Company shall have an overriding option to either (1) redeem the Accreted Put Amount (as stated in the Put Option Notice) in its entirety in cash in US\$ at the US\$ Equivalent Amount at the latest within five Business Days of the Put Option Payment Date or (2) by a combination of cash (within five Business Days of the Put Option Payment Date) and the granting of the Put Conversion Right for the remaining Notes or if not then to (3) satisfy the redemption as stated in the Put Option Notice by granting a right to each Noteholder for the remainder of the Conversion Period subject to and upon compliance with the terms and conditions of Conversion Right (the “**Put Conversion Right**”) to convert their respective entire Note holding calculated at the Accreted Put Amount (as stated in the Put Option Notice), in whole at a conversion price equal to 70% of the simple average of the closing share prices for the 10 trading days immediately preceding the receipt of each Put Conversion Notice (the “**Put Conversion Price**”).

- (2) Upon delisting or change of control of the Company

Upon (i) the Shares cease to be listed or admitted to trading on the Stock Exchange; or (ii) trading in the Shares on the Stock Exchange has been suspended for a continuous period of 90 days or more; or (iii) the occurrence of a change of control of the Company, the Notes may be redeemed at the option of the Noteholders, redeem in whole or in part of the Notes at the Accreted Principal Amount (in US\$ at the US\$ Equivalent Amount) at the date fixed for such redemption, together with accrued but unpaid interest to the relevant date fixed for such redemption.

(3) Upon occurrence of any events of default

Upon occurrence of any events of default as set out in the terms and conditions of the Notes, the Notes may be redeemed at the option of the Noteholders in whole or in part of the Notes at the Accreted Principal Amount (in US\$ at the US\$ Equivalent Amount) at the date fixed for such redemption, together with accrued but unpaid interest to the relevant date fixed for such redemption.

Status of the Notes

The Notes constitute general, unsecured and unsubordinated obligations of the Company and rank equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable law.

Transferability:

The Notes are freely transferable in denominations of the principal amount of RMB 1,000,000.

To the extent that it is aware, the Company will notify the Stock Exchange of any dealings in the Notes by any connected person(s) of the Company.

Ranking:

The Conversion Shares, when allotted and issued, will rank *pari passu* in all respects with all issued Shares on the date of the allotment and issue of the Conversion Shares.

Listing:

No application will be made by the Company for the listing of the Notes on the Stock Exchange or any other stock exchange.

Application will be made by the Company to the GEM Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

## **Conditional Precedent**

The completion of the Subscription shall be conditional upon, among others,

- (i) the GEM Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, all of the Shares to be allotted and issued upon exercise of the Conversion Rights attached to the Notes to be issued at Completion;
- (ii) the passing by Shareholders at the SGM of an ordinary resolution of the Company approving the Subscription Agreement and the transactions contemplated thereunder, including the Subscription and the issue of the Notes and the Conversion Shares; and
- (iii) if necessary, all other necessary consents and approval for the Subscription having been obtained.

In the event that any of the above conditions are not fulfilled or otherwise waived on or before 5:00 p.m. on the 17 May 2011 or such later date as may be agreed between the Subscriber and the Company, this Agreement will lapse and become null and void and the parties shall be released from all obligations hereunder, save the liabilities for any antecedent breaches thereof.

## **Completion**

Completion of the subscription of the Notes shall take place at the head office and principal place of business of the Company in Hong Kong at 4:00 p.m. (Hong Kong time) on or before the second Business Day after the above conditions precedent has been fulfilled (or such other time and date as the Subscriber and the Company may agree in writing).

## **REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS**

The Directors consider that the issue of the Notes will provide the Company with additional funding without having an immediate dilution effect on the shareholding of the existing Shareholders. Further, the proceeds from the Subscription are expected to give greater flexibility to the Group for its existing business development. In addition, if the conversion rights attaching to the Notes are exercised, the capital base of the Company shall also be broadened.

The estimated net proceeds from the issue of the Notes (after deduction of all related expenses) of approximately RMB65,989,000 (equivalent to HK\$77,000,000) will be used for the payment for the Ever Stable Acquisition and as the general working capital of the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Subscription Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

## **SPECIFIC MANDATE**

The Convertible Shares will be allotted and issued under the specific mandate proposed to be sought from the Shareholders at the SGM. Application will be made by the Company to the GEM Listing Committee for the listing of, and permission to deal in, the Conversion Shares. The Notes will not be listed on Stock Exchange or any other stock exchange.

## **CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY**

As at the date of this announcement, the Company has the following convertible securities or obligations in relation to issue of Shares:

- (I) share options in respect of 110,150,507 Shares under share option schemes adopted by the Company on 21 August 2006;
- (II) share options in respect of 89,050,000 Shares under share option schemes adopted by the Company on 23 August 2010;
- (III) 853,000,000 fully paid Shares to be issued by the Company pursuant to certain subscription agreements details of which are set out in the circular of the Company dated 3 November 2010;
- (IV) the issue of 216,000,000 fully paid Shares as consideration shares under the acquisition of Ever Stable Holdings Limited details of which are set out in the circular of the Company dated 17 June 2010;
- (V) the Convertible Bonds in the principal amount of HK\$40,000,000 issued by the Company for the acquisition of Mega Bright Investment Developments Limited details of which are set out in the circular of the Company dated 14 May 2009; and
- (VI) the Warrants in respect of 150,000,000 Shares to be issued by the Company pursuant to certain placing agreements details of which are set out in the announcement of the Company dated 5 November 2010.

The Table 1 set out below is a summary of the shareholdings in the Company (i) as at the date of this announcement; (ii) upon full conversion of the the Notes at the Accreted Principal Amount and the initial Conversion Price of HK\$0.25; and (iii) upon full conversion of the Notes at the Accreted Principal Amount and the Minimum Reset Price of HK\$0.1.

**Table 1**

Shareholder	As at the date of this announcement		Upon full conversion of the Notes at the Accreted Principal Amount and the initial Conversion Price of HK\$0.25		Upon full conversion of the Notes at the Accreted Principal Amount and the Minimum Reset Price of HK\$0.1	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Wide Fine ( <i>Note 1</i> )	248,125,000	16.34	248,125,000	12.45	248,125,000	9.17
Zhang Chi ( <i>Note 2</i> )	36,350,000	2.39	36,350,000	1.82	36,350,000	1.34
Li Meilang	78,190,000	5.15	78,190,000	3.92	78,190,000	2.89
Subscriber	–	–	474,928,028	23.82	1,187,320,070	43.87
Other public Shareholders	1,156,280,000	76.12	1,156,280,000	57.99	1,156,280,000	42.73
Total	<u>1,518,945,000</u>	<u>100.00</u>	<u>1,993,873,028</u>	<u>100.00</u>	<u>2,706,265,070</u>	<u>100.00</u>

The Table 2 set out below is a summary of the shareholdings in the Company (i) as at the date of this announcement; (ii) upon full conversion of the the Notes at the Accreted Principal Amount and the initial Conversion Price of HK\$0.25 assuming full exercise of the Warrants, Convertible Bonds, and other obligation to issue Shares and the completion of the subscription obligation (*Note 3*); and (iii) upon full conversion of the Notes at the Accreted Principal Amount and the Minimum Reset Price of HK\$0.1 assuming full exercise of the Warrants, Convertible Bonds, and other obligation to issue Shares and the completion of the subscription obligation (*Note 3*).

**Table 2**

Shareholder	As at the date of this announcement		Upon full conversion of the Notes at the Accreted Principal Amount and the initial Conversion Price of HK\$0.25 assuming full exercise of the Warrants, Convertible Bonds, and other obligation to issue Shares and the completion of the subscription obligation ( <i>Note 3</i> )		Upon full conversion of the Notes at the Accreted Principal Amount and the Minimum Reset Price of HK\$0.1 assuming full exercise of the Warrants, Convertible Bonds, and other obligation to issue Shares and the completion of the subscription obligation ( <i>Note 3</i> )	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Wide Fine ( <i>Note 1</i> )	248,125,000	16.34	248,125,000	7.53	248,125,000	6.19
Zhang Chi ( <i>Note 2</i> )	36,350,000	2.39	36,350,000	1.10	36,350,000	0.91
Li Meilang	78,190,000	5.15	78,190,000	2.37	78,190,000	1.95
View Good ( <i>Note 4</i> )	–	–	406,000,000	12.32	406,000,000	10.13
Win Right ( <i>Note 5</i> )	–	–	422,000,000	12.80	422,000,000	10.53
Leung Wa ( <i>Note 6</i> )	–	–	216,000,000	6.55	216,000,000	5.39
Convertible Bond holders	–	–	83,333,333	2.53	83,333,333	2.08
Warrants holders	–	–	150,000,000	4.55	150,000,000	3.74
Subscriber	–	–	474,928,028	14.41	1,187,320,070	29.62
Other public Shareholders	1,156,280,000	76.12	1,181,280,000	35.84	1,181,280,000	29.46
<b>Total</b>	<b>1,518,945,000</b>	<b>100.00</b>	<b>3,296,206,361</b>	<b>100.00</b>	<b>4,008,598,403</b>	<b>100.00</b>

*Notes:*

- (1) The 248,125,000 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, an executive Director.
- (2) Mr. Zhang Chi is a non-executive Director.
- (3) The table above assumes no Shares will be issued pursuant to the share option scheme of the Company or otherwise between the date of this announcement and the date of completion (both days inclusive). As at the date of this announcement, there were outstanding options issued pursuant to the share option scheme of the Company which entitle the holders thereof to receive an aggregate of 199,200,507 Shares upon full exercise of such options.
- (4) View Good International Limited (“Good View”) is beneficially owned by Ms. Tam Sio Wan, the wife of Mr. Wong. View Good is the subscriber entitled to subscribe for 406,000,000 Shares pursuant to certain subscription agreements details of which are set out in the announcement dated 14 October 2010 and the circular dated 3 November 2010.
- (5) Win Right Holdings Limited (“Win Right”) is beneficially owned by Mr. Liang Yu Cheng and Mr. Wu Shao Hong, both are Independent Third Parties. Win Right is the subscriber entitled to subscribe for 422,000,000 Shares pursuant to certain subscription agreements details of which are set out in the announcement dated 14 October 2010 and the circular dated 3 November 2010.
- (6) Mr. Leung Wa is the vendor under the Ever Stable Acquisition who is entitled to the issue and allotment of 216,000,000 Shares as consideration shares within two months from the date of completion of the Ever Stable Acquisition.



## FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Date of announcement	Event	Net proceeds raised	Intended use of proceeds	Actual use of proceeds as at the date of the Announcement
10 February 2010	Placing of new Shares	HK\$34,650,000	Financing the Ever Stable Acquisition and as general working capital of the Group	HK\$30,000,000 applied as part payment of the refundable deposit for the Ever Stable Acquisition; and HK\$4,650,000 applied as working capital
16 April 2010	Placing of new Shares	HK\$22,200,000	Financing the Ever Stable Acquisition and as general working capital of the Group	All applied as part payment of the refundable deposit for the Ever Stable Acquisition
30 June 2010	Placing of new Shares	HK\$24,200,000	Financing the Ever Stable Acquisition and as general working capital of the Group	All applied as part payment of the refundable deposit for the Ever Stable Acquisition
14 October 2010	Placing of new Shares	HK\$120,000,000	For future business development relating to environmental business in the Guangdong Province, the PRC and/or general working capital to facilitate the operation of the Group	Not applicable
5 November 2010	Placing of Warrants	HK\$1,250,000	As the general working capital of the Group	Not applicable

Save as disclosed above, the Company has not conducted any other equity fund raising activities in the past twelve months before the date of this announcement.

### GENERAL

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

A SGM will be held to consider and, if thought fit, passing the resolutions to approve the Subscription Agreement and the transaction contemplated thereunder, including the Subscription and the issue of the Conversion Shares.

A circular containing, among other things, further details of the Subscription Agreement, the Subscription together with the notice of the SGM will be despatched to the Shareholders as soon as practicable in accordance with the GEM Listing Rules.

**Shareholders and potential investors should note that completion of the Subscription is subject to the fulfillment of the conditional precedent set out in the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares, and if they are in doubt about their position, they should consult their professional advisers.**

## **DEFINITIONS**

“associates”	has the same meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday or public holiday) on which banks in Hong Kong are open for business
“Closing Date”	the date on which the Notes are issued by the Company to the Subscriber under the Subscription Agreement
“Company”	Long Success International (Holdings) Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the GEM
“connected person(s)”	has the same meaning ascribed to it under the GEM Listing Rules
“Conversion Period”	the period commencing at any time from the thirtieth day after the issue of the Notes (or, if that is not a Business Day, the first Business Day thereafter) up to 4:00 p.m. (Hong Kong time) on the tenth day immediately before the Maturity Date (or, if that is not a Business Day, the first Business Day thereafter) both dates inclusive
“Conversion Price”	initial at HK\$0.25 per Conversion Share, subject to adjustments and reset as set out and in accordance with the terms and conditions of the Notes

“Conversion Right”	provided that any conversion of the Note (i) does not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Noteholder who has exercised its Conversion Rights and parties acting in concert (as defined under the Takeovers Code); (ii) will not cause the public float of the Company to be unable to meet the relevant requirements under the GEM Listing Rules; and (iii) will be in compliance with applicable laws and regulations including but not limited to the Takeovers Code and the GEM Listing Rules, the Notes are convertible in whole or in part in the option of Noteholders into Conversion Shares at the Conversion Price at any time during the Conversion Period.
“Conversion Share(s)”	new Shares to be allotted and issued by the Company upon exercise of the conversion right attached to the Notes
“Convertible Bond(s)”	the convertible bonds in the principal amount of HK\$40,000,000 that may be issued by the Company for the acquisition of Mega Bright Investment Developments Limited; further details of which are set out in the circular of the Company dated 14 May 2009
“Director(s)”	the director(s) of the Company
“Ever Stable Acquisition”	the acquisition of the entire equity interest in Ever Stable Holdings Limited particulars of which were set out in the Company’s circular dated 17 June 2010
“GEM”	the Growth Enterprises Market of the Stock Exchange
“GEM Listing Committee”	the listing sub-committee of the board of the Stock Exchange with responsibility of GEM
“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”	party who is (i) not a connected person of the Company and (ii) are independent of and not connected with the directors, chief executives and substantial shareholders of the Company and its subsidiaries and their respective associates (as defined under the GEM Listing Rules)
“Interest Payment Date”	a day on which the interest is payable annually in arrears by the Company each twelve months from the Closing Date
“Maturity Date”	the date which is five years from the Closing Date
“Minimum Reset Price”	HK\$0.1, which is 40% of the initial Conversion Price subject to customary adjustments as set out in sub-paragraphs (a) to (j) above in the section headed “Adjustment to the Conversion Price” in the announcement
“Noteholder(s)”	holder(s) of the Notes
“Notes”	convertible notes in the principal amount of RMB70,000,000 (equivalent to approximately HK\$81,680,280) to be issued by the Company to the Subscriber pursuant to the Subscription Agreement
“PRC”	The People’s Republic of China
“Put Option Exercise Date”	on the last day of the 12th, 24th, 36th and 48th calendar month from the Closing Date (or, if that is not a Business Day, the first Business Day thereafter)
“Price Reset Date”	3rd, 6th, 9th, 12th, 15th, 18th, 21st, 24th, 27th, 30th, 33rd, 36th, 39th, 42nd, 45th, 48th, 51st, 54th and 57th month anniversaries after the Closing Date
“Reset Adjustment”	an adjustment to be made to the Conversion Price on the Price Reset Date whereby the Conversion Price will be adjusted to the lower of (i) the Conversion Price at the Price Reset Date; and (ii) the average closing price per Share as quoted on the Stock Exchange for the last thirty trading days immediately prior to and including the Price Reset Date, provided that the Conversion Price after such Reset Adjustment shall not be lower than the Minimum Reset Price

“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	a special general meeting of the Company to be convened to consider and, if thought fit, passing the resolutions to approve the Subscription Agreement and the transaction contemplated thereunder, including the Subscription and the issue of the Conversion Shares.
“Share(s)”	ordinary share(s) of HK\$0.04 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Concept Capital Management Ltd., a company incorporated in Marshall Islands with limited liability and having its registered office at The Trust Company of the Marshall Islands, Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960
“Subscription”	the subscription of the Notes by the Subscriber pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 17 November 2010 entered into between the Company and the Subscriber in respect of the Subscription
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“US\$”	United States dollars, the lawful currency of the United States of America
“US\$ Equivalent Amount”	the US\$ equivalent of any RMB amount due on a payment due date converted using the middle exchange rate of RMB as released by the State Administration of Foreign Exchange, the PRC two days before the payment due date

“Warrants”

unlisted warrants of the Company in registered form conferring rights entitling the registered holder(s) thereof to subscribe for up to HK\$22,500,000 in aggregate in cash for 150,000,000 new Shares at the subscription price, being HK\$0.15 (subject to adjustment) to be issued by the Company pursuant to the placing of Warrants

“%”

per cent

*All amounts denominated in RMB were translated (for information only) into HK\$ using the exchange rate of HK\$1.00=RMB0.8570.*

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

Hong Kong, 17 November 2010

*As at the date of this announcement, the Board comprises four executive directors, namely Mr. Wong Kam Leong, Mr. Hu Dongguang, Mr. Wu Bingxiang and Dr. Guo Wanda; one non-executive director, namely Mr. Zhang Chi; and for independent nonexecutive directors, namely Mr. Ng Kwok Chu, Winfield, Mr. Ng Chau Tung, Robert, Mr. Tse Ching Leung and Mr. Wang Qingyi.*

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

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

\* For identification purpose only