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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**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)

**PROPOSED ISSUE OF CONVERTIBLE NOTES  
AND  
PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL****Financial adviser to the Company****WALLBANCK BROTHERS  
Securities (Hong Kong) Limited**

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A notice convening a special general meeting 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 Thursday, 23 December 2010 is set out on pages 21 to 22 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 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

*This circular will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its posting and the Company website at [www.long-success.com](http://www.long-success.com).*

\* For identification purpose only

7 December 2010

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## CHARACTERISTICS OF GEM

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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.

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## CONTENT

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	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b> .....	5
<b>Responsibility statement</b> .....	20
<b>Notice of SGM</b> .....	21

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## DEFINITIONS

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

“Announcement”	the announcement of the Company dated 17 November 2010 in relation to the proposed issue of the Notes
“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 and the Supplemental 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 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 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

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## DEFINITIONS

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“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
“Latest Practicable Date”	3 December 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein
“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) below in the section headed “Adjustment to the Conversion Price” in this circular

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## DEFINITIONS

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“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 and the Supplemental Agreement
“PRC”	The People’s Republic of China
“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
“Put Option Payment 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)
“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, the Supplemental 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

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## DEFINITIONS

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“Subscription”	the subscription of the Notes by the Subscriber pursuant to the terms and conditions of the Subscription Agreement and the Supplemental Agreement
“Subscription Agreement”	the subscription agreement dated 17 November 2010 entered into between the Company and the Subscriber in respect of the Subscription
“Supplemental Agreement”	the supplemental agreement dated 3 December 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.*

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## LETTER FROM THE BOARD

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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)

*Executive Directors:*

Mr. Wong Kam Leong

Mr. Hu Dongguang

Mr. Wu Bingxiang

Dr. Guo Wanda

*Registered Office:*

Canon Court

22 Victoria Street

Hamilton HM12

Bermuda

*Non-executive Director:*

Mr. Zhang Chi

*Head Office and Principal Place*

*of Business:*

26/F., EIB Centre,

40-44 Bonham Strand,

Sheung Wan,

Hong Kong

*Independent non-executive Directors:*

Mr. Ng Kwok Chu, Winfield

Mr. Ng Chau Tung, Robert

Mr. Tse Ching Leung

Mr. Wang Qingyi

7 December 2010

*To the Shareholders*

Dear Sir or Madam,

## **PROPOSED ISSUE OF CONVERTIBLE NOTES AND PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

### **INTRODUCTION**

Reference is made to the Announcement dated 17 November 2010 and the supplemental announcement dated 3 December 2010 regarding the Subscription Agreement, the Supplemental Agreement and the transaction contemplated thereunder, including the Subscription of the Notes and the issue of the Conversion Shares.

The purpose of this circular is to provide you with, among other things, further details of the Subscription Agreement, the Supplemental Agreement, the Subscription of the Notes, the proposed increase in authorised share capital together with the notice of the SGM at which resolution(s) will be proposed to consider and, if thought fit, approve the Subscription Agreement, the Supplemental Agreement and the transaction contemplated thereunder, including the Subscription of the Notes, the issue of the Conversion Shares and the proposed increase in authorised share capital.

\* For identification purpose only



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## LETTER FROM THE BOARD

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### SUBSCRIPTION AGREEMENT DATED 17 NOVEMBER 2010 AND SUPPLEMENTAL AGREEMENT DATED 3 DECEMBER 2010

**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.

The Subscriber is a company recently established in the Marshall Islands operating an independent private fund. The management of the Subscriber is a fund manager with over 25 years fund management experience. The size of the fund currently available for investment purpose is over US\$300 million.

The Subscription was initiated by the Company to raise money to partly finance the acquisition of a PRC based biodegradable materials manufacturing business (Ever Stable Acquisition) matching the Subscriber's desire for RMB based investment particularly related to environmental protection.

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 and has had no prior relationship with the Company nor with any connected person of the Company.

#### **Subscription**

The Subscriber has conditionally agreed to subscribe for the Notes in the principal amount of RMB 70,000,000 (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: RMB 70,000,000 (equivalent to approximately HK\$81,680,280)

Denomination: In denominations and integral amounts of RMB 1,000,000.

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.

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## LETTER FROM THE BOARD

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**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 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.

**Shareholders and potential investors shall be fully aware that the initial Conversion Price of HK\$0.25 per Share is not the final Conversion Price and that the final Conversion Price will be subject to the Reset Adjustment as set out below in the section headed "Adjustment to Conversion Price" in this circular.**

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## LETTER FROM THE BOARD

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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 Share 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.

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## LETTER FROM THE BOARD

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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.

Although the gross yield to maturity of the Notes is comparatively high, the Notes do not involve an increase in the Conversion Price and the Reset Adjustment is relatively frequent, having consider the factors and reasons as summarized below:

- (i) following the Company disposal of the IT consulting business and the gaming and entertainment business in Macau, the Company changed its core business to environmental protection related businesses. However, the two environmental protection related businesses, the paper manufacturing and the biodegradable materials manufacturing businesses, are both in their development stage, which require additional fundings for capital development and further expansion in order to generate positive cash flow and earnings for the Company in the long term;
- (ii) the PRC government's strong support for industries related to environmental protection and the stable growth of the PRC's domestic consumption, the Company is optimistic on the long-term prospect of the paper manufacturing and the biodegradable materials manufacturing businesses; and
- (iii) the Company is a company listed on GEM and the Company has no track record on net profit since 2007,

the Board considers the Reset Adjustment is fair and reasonable and is in the interest of the Company and Shareholders as a whole.

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## LETTER FROM THE BOARD

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**“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):

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

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

$$r = 13\%$$

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## LETTER FROM THE BOARD

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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 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, a maximum number of 474,928,028 Conversion Shares will be issued by the Company, representing (i) approximately 20.02% of the Company's existing issued share capital of the Company of 2,371,945,000 Shares as at the Latest Practicable Date; and (ii) approximately 16.68% of the Company's issued share capital as enlarged by the issue of the Conversion Shares of 2,846,873,028 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.

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## LETTER FROM THE BOARD

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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 Payment 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 Payment 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 receipt of the Put Option Notice, the Company shall have to 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.

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## LETTER FROM THE BOARD

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(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.



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## LETTER FROM THE BOARD

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### 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, the Supplemental Agreement and the transactions contemplated thereunder, including the Subscription and the issue of 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, the Subscription Agreement and the Supplemental Agreement will lapse and become null and void and the parties shall be released from all obligations thereunder, 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).

### OTHER FINANCING ALTERNATIVES

With regard to the Notes, the Directors consider that although both open offer and rights issue would allow Shareholders to maintain their respective pro-rata shareholdings in the Company and at the same time to strengthen the capital base of the Company, such fund raising exercises (i) require the Company to procure commercial underwriting which will incur extra expenses for the Company; and (ii) would also be relatively time consuming (taking into accounts the time for, amongst others, (a) procuring underwriters; (b) preparation of the prospectus; and (c) allowing acceptance of the rights share/offer share) as compared with the Convertible Notes. Given that (i) the Company need to raise funding for repayment of the consideration of the Ever Stable Acquisition; (ii) the Company need to raise fund for the expansion of the paper manufacturing business; (iii) immediate funding needs of the Company may arise when the investment opportunities relating to environmental business in Guangdong Province materialise; and (iv) the unpredictable market conditions in future, the Directors are of the view that a relatively speedy financing method is preferable. In light of the above, the Directors are of the opinion that Subscription is preferable method of fund raising for the Group.

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## LETTER FROM THE BOARD

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### 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.

Up to the Latest Practicable Date, the Company had aggregately settled HK\$103,300,000 in cash as the consideration for the Ever Stable Acquisition and the Company is in the progress to issue and allot 216,000,000 consideration shares (equivalent to HK\$65,000,000) as the consideration for the Ever Stable Acquisition. The remaining outstanding balance of the consideration for the Ever Stable Acquisition that need to be settled in cash is HK\$111,700,000. The Company has planned to repay such remaining outstanding balance of the consideration by (i) HK\$67,000,000 from the issue of the Notes; and (ii) HK\$44,700,000 from the placing as set out in the Company's circular dated 3 November 2010.

The estimated net proceeds from the issue of the Notes (after deducting all relevant expenses) are approximately RMB65,989,000 (equivalent to approximately HK\$77,000,000). HK\$67,000,000 will be used for the payment for the Ever Stable Acquisition and the remaining balance of the estimated net proceeds will be used 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 Conversion 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.

### PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The current authorised share capital of the Company is HK\$100,000,000 divided into 2,500,000,000 ordinary shares of HK\$0.04 each, of which 2,371,945,000 Shares are in issue at the Latest Practicable Date. In order to accommodate the issue of 216,000,000 consideration shares pursuant to the Ever Stable Acquisition and the issue of Conversion Shares pursuant to the Notes under the Subscription Agreement and Supplemental Agreement, the Board proposes to increase the authorised share capital of the Company to HK\$300,000,000 divided into 7,500,000,000 ordinary shares of HK\$0.04 each, by the creation of an additional 5,000,000,000 ordinary shares of HK\$0.04 each.

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## LETTER FROM THE BOARD

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### CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, 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) 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;
- (IV) 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
- (V) 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 Latest Practicable Date; (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 Latest Practicable Date		Upon full conversion of the Notes at the initial Conversion Price of HK\$0.25		Upon full conversion of the Notes at 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	10.46	248,125,000	8.72	248,125,000	6.96
Zhang Chi ( <i>Note 2</i> )	36,350,000	1.53	36,350,000	1.28	36,350,000	1.02
Li Meilang	78,190,000	3.30	78,190,000	2.75	78,190,000	2.20
View Good ( <i>Note 4</i> )	406,000,000	17.12	406,000,000	14.26	406,000,000	11.41
Win Right ( <i>Note 5</i> )	422,000,000	17.79	422,000,000	14.82	422,000,000	11.86
Subscriber	–	–	474,928,028	16.68	1,187,320,070	33.36
Other public Shareholders	1,181,280,000	49.80	1,181,280,000	41.49	1,181,280,000	33.19
<b>Total</b>	<b>2,371,945,000</b>	<b>100.00</b>	<b>2,846,873,028</b>	<b>100.00</b>	<b>3,559,265,070</b>	<b>100.00</b>

## LETTER FROM THE BOARD

The Table 2 set out below is a summary of the shareholdings in the Company (i) as at the Latest Practicable Date; (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 Latest Practicable Date		Upon full conversion of the Notes at 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 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	10.46	248,125,000	7.53	248,125,000	6.19
Zhang Chi ( <i>Note 2</i> )	36,350,000	1.53	36,350,000	1.10	36,350,000	0.91
Li Meilang	78,190,000	3.30	78,190,000	2.37	78,190,000	1.95
View Good ( <i>Note 4</i> )	406,000,000	17.12	406,000,000	12.32	406,000,000	10.13
Win Right ( <i>Note 5</i> )	422,000,000	17.79	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	1,181,280,000	49.80	1,181,280,000	35.84	1,181,280,000	29.46
<b>Total</b>	<b>2,371,945,000</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 Kam Leong, 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 Latest Practicable Date, 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 (“View Good”) is beneficially owned by Ms. Tam Sio Wan, the wife of Mr. Wong Kam Leong.

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## LETTER FROM THE BOARD

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- (5) Win Right Holdings Limited (“Win Right”) is beneficially owned by Mr. Liang Yu Cheng and Mr. Wu Shao Hong.
- (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 Latest Practicable Date
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 the payment of 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	All deposited in bank and pending to be applied as intended use
5 November 2010	Placing of Warrants	HK\$1,250,000	As the general working capital of the Group	All applied as the general working capital of the Group

Save as disclosed above, the Company has not conducted any other equity fund raising activities in the past twelve months before the Latest Practicable Date.

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## LETTER FROM THE BOARD

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### SGM

A notice convening the SGM 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 Thursday, 23 December 2010 or any adjournment is set out from page 21 to 22 of this circular.

A form of proxy for use at the SGM is enclosed. 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 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

As far as the Directors are aware of, no Director or Shareholder has a material interest in the Subscription of the Notes and no Shareholder is required to abstain from voting at the SGM.

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

### RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the view that the terms of the Subscription Agreement, the Supplemental Agreement and the proposed increase in authorised share capital are fair and reasonable, on normal commercial terms and the entering into of the Subscription Agreement, the Supplemental Agreement and the proposed increase in authorised share capital are 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 resolutions to approve the Subscription Agreement, the Supplemental Agreement and the transaction contemplated thereunder, including the Subscription of the Notes and the issue of the Conversion Shares and the proposed increase in authorised share capital to be proposed at the SGM.

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

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## **RESPONSIBILITY STATEMENT**

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This circular includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. 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 aspects and not misleading or deceptive; (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.

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## NOTICE OF SGM

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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)

### 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 at 10:30 a.m. on Thursday, 23 December 2010 for the purpose of considering and, if thought fit, passing the following resolutions of the Company:

#### ORDINARY RESOLUTIONS

“1. **THAT:**

- (i) the subscription agreement dated 17 November 2010 (the “**Subscription Agreement**”) and the supplemental agreement dated 3 December 2010 (the “**Supplemental Agreement**”) between the Company and Concept Capital Management Limited (the “**Subscriber**”), pursuant to which the Subscriber has conditionally agreed to subscribe for the convertible notes in the principal amount of RMB70,000,000 (equivalent to approximately HK\$81,680,280), with the right to convert at the initial conversion price of HK\$0.25 (subject to adjustment and reset) per conversion share (the “**Notes**”), 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;
- (ii) the issue of the Notes in accordance with the terms and conditions of the Subscription Agreement, the Supplemental Agreement and the terms and conditions of the Notes attached to the Subscription Agreement, the Supplemental Agreement and the transaction thereunder be and are hereby approved, ratified and confirmed;
- (iii) the issue and allotment of up to 1,187,320,070 new ordinary shares of the at the minimum reset price of HK\$0.1 each (subject to adjustment) which may fall to be issued upon the exercise of the conversion right attached to the Notes be and are hereby approved, ratified and confirmed; and



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## NOTICE OF SGM

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- (iv) 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, the Supplemental Agreement and the transactions contemplated thereunder.”

“2. **THAT:**

the authorised share capital of the Company be and is hereby increased from HK\$100,000,000 divided into 2,500,000,000 ordinary shares of HK\$0.04 each to HK\$300,000,000 divided into 7,500,000,000 ordinary shares of HK\$0.04 each.”

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

Hong Kong, 7 December 2010

*Head office and principal place of business:*

26/F, EIB Centre,  
40-44 Bonham Strand,  
Sheung Wan,  
Hong Kong

*Notes:*

1. Pursuant to the Rules Governing the Listing of Securities on GEM, all the resolutions to be voted by poll at the SGM.
2. Every member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote on his/her/its behalf. A proxy need not be a member of the Company.
3. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must be deposited at the branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the holding of such meeting or any adjournment thereof.
4. A form of proxy for use at the meeting is enclosed. Whether or not you are able to attend the meeting in person, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon.
5. Completion and delivery of the form of proxy will not preclude members from attending and voting in person at the meeting or any adjournment thereof should they so wish, and in such event, the form of proxy will be deemed to be revoked.
6. Where there are joint registered holders of any share(s) of the Company, any one of such joint holders may attend and vote at the meeting, either in person or by proxy, in respect of such share(s) as if he/she/it were solely entitled thereto, but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share(s) shall alone be entitled to vote in respect thereof.

*As at the date of this circular, 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 four independent non-executive directors, namely Mr. Ng Kwok Chu, Winfield, Mr. Ng Chau Tung, Robert, Mr. Tse Ching Leung and Mr. Wang Qingyi.*

\* for identification purpose only