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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)

**CONFIRMATION LETTER  
IN RELATION TO THE CONVERTIBLE BONDS  
ISSUED UNDER THE VERY SUBSTANTIAL ACQUISITION**

Reference is made to the Announcements and the Circular of the Company in relation to the very substantial acquisition concerning the acquisition of the entire equity interest in the Hong Kong Company.

On 3 October 2011 (after trading hours), the Company and the New Vendor entered into the Third Confirmation Letter in relation to the Convertible Bonds issued under the Acquisition Agreement pursuant to which the Company and the New Vendor have agreed that (i) the conversion rights attached to the Convertible Bonds expired on 29 September 2011 according to the terms and conditions of the Convertible Bonds; (ii) the principal amount of the Convertible Bonds of HK\$18,000,000 shall remain as the Bonds Liabilities of the Company and the repayment date of the Bonds Liabilities shall be adjusted to 31 March 2012 (or such later date as the parties may mutually agree in writing) without interest; and (iii) if the Joint Venture Company fails to meet the 2011 Profit Guarantee, the New Vendor shall compensate the Purchaser with the shortfall of the 2011 Profit Guarantee by way of set off against the Bonds Liabilities up to the amount of HK\$18,000,000.

Reference is made to the announcements of the Company dated 11 August 2008, 23 January 2009, 12 February 2009, 31 March 2009, 15 April 2009, 3 June 2009, 2 July 2009, 31 March 2011 (the “**Announcements**”) and the circular of the Company dated 14 May 2009 (the “**Circular**”) in relation to the very substantial acquisition concerning the acquisition of the entire equity interest in the Hong Kong Company.

Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements and the Circular, unless the context herein requires otherwise.

## INTRODUCTION

On 30 September 2009, the Company had issued the Convertible Bonds in the principal amount of HK\$40,000,000 to the New Vendor or his nominee(s) as partial settlement of the Consideration pursuant to the Acquisition Agreement as amended by the Supplemental Agreement. The maturity date of the Convertible Bonds was 29 September 2011. The New Vendor had undertaken to provide profit guarantees of not less than RMB60,000,000 profit after tax on the Joint Venture Company (the “**Profit Guarantee**”) for each of the two years ended 31 December 2010 and 2011 respectively.

If the Joint Venture Company fails to meet the Profit Guarantee for any of the two years ended 31 December 2011, the New Vendor shall pay the Purchaser a compensation equivalent to the shortfall of the Profit Guarantee for that year in proportion to 51% equity interest in the Joint Venture Company. If the Joint Venture Company records a loss for any of the two years ended 31 December 2011, the New Vendor shall pay the Purchaser a compensation equivalent to the loss in proportion to 51% equity interest in the Joint Venture Company for that year plus RMB30,600,000 (being the compensation for 51% of the shortfall of the Profit Guarantee) for that year.

Since the Profit Guarantee was not met in the financial year ended 31 December 2010, the Purchaser and the New Vendor entered into the Second Confirmation Letter on 31 March 2011 pursuant to which the Purchaser agreed that the shortfall amount of HK\$22,000,000, representing approximately 67% of the Shortfall, was compensated by way of set off against the Convertible Bonds. The remaining balance of the Shortfall of approximately RMB9,396,431 (equivalent to approximately HK\$11,459,062) will be aggregated into the Profit Guarantee, without interest, for the financial year ended 31 December 2011 (the “**2011 Profit Guarantee**”). Consequently, the principal amount of the Convertible Bonds has been reduced to HK\$18,000,000 and the 2011 Profit Guarantee has been increased to approximately RMB39,996,431 (equivalent to approximately HK\$48,776,135).

## THE THIRD CONFIRMATION LETTER DATED 3 OCTOBER 2011

On 3 October 2011 (after trading hours), the Company and the New Vendor entered into a confirmation letter (the “**Third Confirmation Letter**”) in relation to the Convertible Bonds issued under the Acquisition Agreement pursuant to which the Company and the New Vendor have agreed that (i) the conversion rights attached to the Convertible Bonds expired on 29 September 2011 according to the terms and conditions of the Convertible Bonds; (ii) the principal amount of the Convertible Bonds of HK\$18,000,000 shall remain as liabilities of the Company (the “**Bonds Liabilities**”) and the repayment date of the Bonds Liabilities shall be adjusted to 31 March 2012 (or such later date as the parties may mutually agree in writing) without interest; and (iii) if the Joint Venture Company fails to meet the 2011 Profit Guarantee, the New Vendor shall compensate the Purchaser with the shortfall of the 2011 Profit Guarantee by way of set off against the Bonds Liabilities up to the amount of HK\$18,000,000.

## **REASONS FOR ENTERING INTO THE THIRD CONFIRMATION LETTER**

The Directors hold the view that extending the repayment date of the Bonds Liabilities, the Company could minimize the counterparty risk if the Joint Venture Company fails to meet the 2011 Profit Guarantee as any future shortfall of the 2011 Profit Guarantee can be compensated by the New Vendor by way of set off against the Bonds Liabilities up to the amount of HK\$18,000,000.

The Directors (including the independent non-executive Directors) consider that the terms of the Third Confirmation Letter are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

*An exchange rate of RMB0.82 to HK\$1.00 has been adopted as the conversion rate of RMB into HK\$ for the purpose of this announcement. Such exchange rate does not constitute a representation that any amounts have been, could have been, or may be exchanged at such or any other rates.*

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

Hong Kong, 3 October 2011

*As at the date hereof, the Board comprises four executive Directors, namely Mr. Wong Kam Leong, Mr. Hu Dongguang, Mr. Wu Bingxiang and Dr. Guo Wanda 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.*

*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 of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement in this announcement misleading.*

*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