

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

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase, or subscribe for securities of the Company.



LONG SUCCESS INTERNATIONAL (HOLDINGS) LIMITED

百齡國際（控股）有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 8017)

**(1) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION
IN RELATION TO THE ACQUISITION OF THE ENTIRE EQUITY INTEREST IN
FAME SHINE HOLDINGS LIMITED INVOLVING THE ISSUES OF
PROMISSORY NOTES AND CONVERTIBLE NOTES**

AND

(2) RESUMPTION OF TRADING

Financial adviser to the Company



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

THE PROPOSED ACQUISITION

The Board is pleased to announce that the Purchaser entered into the Sale and Purchase Agreement with the Vendors, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the Sale Shares at the Consideration of HK\$780,000,000. The Completion is conditional upon the fulfillment of the conditions precedent as described below under the section headed “Conditions precedent”.

* for identification purpose only

As at the date of this announcement, the Target Company is owned as to (i) 51% by Wide Fine (Asia), which is directly and wholly-owned by Mr. Wong, an executive Director and chairman of the Board who is beneficially interested in an aggregate of 654,125,000 Shares; and (ii) 49% by Gain Concept, which is directly and wholly-owned by Mr. Cheung, an Independent Third Party.

IMPLICATION UNDER THE GEM LISTING RULES

As one or more of the relevant percentage ratios applicable to the Company exceeds 100%, the Proposed Acquisition constitutes a very substantial acquisition for the Company under Chapter 19 of the GEM Listing Rules.

As at the date of this announcement, Mr. Wong, an executive Director and chairman of the Board who is beneficially interested in an aggregate of 654,125,000 Shares (representing approximately 24.93% of the entire issued share capital of the Company), is the holder of 100% shareholding in Wine Fine (Asia), which owns 51% shareholding of the Target Company. Therefore, Mr. Wong and Wide Fine (Asia) are connected persons of the Company under Chapter 20 of the GEM Listing Rules.

Accordingly, the Proposed Acquisition constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements.

In view of Mr. Wong's capacity as the beneficial owner of one of the Vendors and a connected person of the Company, Mr. Wong is considered to have material interest in the Proposed Acquisition. Accordingly, Mr. Wong and his associates will abstain from voting in respect of the resolution(s) approving the Sale and Purchase Agreement and the transactions contemplated thereunder at the SGM. Since Mr. Wong has material interest in the Proposed Acquisition, Mr. Wong has abstained from voting at the Board meeting for approving the Proposed Acquisition.

As aforesaid, the SGM will be held for the Independent Shareholders to consider and, if thought fit, approve the resolution(s) in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder.

GENERAL

The Independent Board Committee comprising of three independent non-executive Directors, namely Mr. Ng Kwok Chu, Winfield, Mr. Ng Chau Tung, Robert and Mr. Tse Ching Leung, has been appointed to advise the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder.

Further announcement(s) (if applicable) will be made in respect of the Proposed Acquisition to keep the Shareholders and the investing public informed.

A circular containing, among other things, (i) further information on the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the unaudited pro forma financial information of the Enlarged Group; (iii) the accountants' report on each member of the Target Group; (iv) reports on the valuation on the Target Group; (v) the recommendation of the Independent Board Committee; (vi) the advice from independent financial adviser regarding the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder; (vii) notice of the SGM; and (viii) certain risk factors in relation to the Proposed Acquisition, is expected to be despatched to the Shareholders on or before 15 April 2012, taking into account of the timing required for the preparation of the abovementioned accountants' report on each member of the Target Group and the reports on the valuation on the Target Group in accordance with the GEM Listing Rules.

Completion is subject to the satisfaction and/or waiver of the conditions precedent in the Sale and Purchase Agreement and therefore, may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been suspended from 9:00 a.m. on 14 October 2011 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading of the Shares from 1:30 p.m. on 13 December 2011.

INTRODUCTION

Reference is made to the announcement of the Company dated 8 September 2011 concerning the letter of intent dated 8 September 2011 entered into between the Company and the Vendors setting out the preliminary intentions of the parties in relation to the Proposed Acquisition.

The Board is pleased to announce that the Purchaser and Wide Fine (Asia) and Gain Concept (collectively as the Vendors) entered into the Sale and Purchase Agreement pursuant to which the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the Sale Shares.

THE SALE AND PURCHASE AGREEMENT

Date: 13 October 2011 (after trading hours) as amended by a supplemental agreement dated 12 December 2011

Parties: Purchaser: Xu Sheng Holdings Limited
Vendors: Wide Fine (Asia) Development Limited; and
Gain Concept Industries Limited

As at the date of this announcement, the Target Company is owned as to (i) 51% by Wide Fine (Asia), which is directly and wholly-owned by Mr. Wong, an executive Director and chairman of the Board who is beneficially interested in an aggregate of 654,125,000 Shares (representing approximately 24.93% of the entire issued share capital of the Company as at the date of this announcement); and (ii) 49% by Gain Concept, which is directly and wholly-owned by Mr. Cheung, an Independent Third Party.

As Wide Fine (Asia) is 100% beneficially owned by Mr. Wong, who is a connected person of the Company under Chapter 20 of the GEM Listing Rules, the Proposed Acquisition constitutes a connected transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Gain Concept and its ultimate beneficial owner, Mr. Cheung, are Independent Third Parties.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the Sale Shares, such that the Purchaser will, in turn, own 80% Equity Interest in Sunrise Silicon upon Completion. Upon fulfilling the Post-Completion Obligations in relation to the Vendor's obligations, the Purchaser will own 80% Beneficial Interest in Sunrise Silicon.

Subsequently, the Purchaser shall, in accordance with the Post-Completion Obligations of the Sale and Purchase Agreement, through Star Grace to inject RMB180,000,000 (equivalent to approximately HK\$219,600,000) as registered capital into Sunrise Silicon such that the registered capital of Sunrise Silicon be increased to RMB360,000,000 (equivalent to approximately HK\$439,200,000) pursuant to the Letter of Intent. Upon completion of such increase in the registered capital of Sunrise Silicon, Star Grace will ultimately own 90% Beneficial Interest in Sunrise Silicon, which will, in turn, be owned by the Purchaser.

The shareholding structure of the Target Group is detailed below under the section headed "SHAREHOLDING STRUCTURE OF THE TARGET GROUP" of this announcement.

Consideration

The Consideration payable by the Purchaser for the Sale Shares shall be HK\$780,000,000.

Payment manner:

The amount of HK\$780,000,000 is to be satisfied in the following manners (or in such other manner as the parties hereto may mutually agree in writing):-

- (a) an aggregate sum of HK\$480,000,000 to be payable in cash and/ or by the issue of Promissory Notes by the Company, which shall be determined by the parties according to the manner below:-
 - (1) In the event if the aggregate sum of HK\$480,000,000 will be payable in cash, it shall be satisfied in the following manner:-
 - (i) HK\$200,000,000 shall be payable to the Vendors, of which HK\$102,000,000 and HK\$98,000,000 shall be paid to Wide Fine (Asia) and Gain Concept, respectively, as refundable deposit, on or before the First Payment Date; and
 - (ii) HK\$280,000,000, of which HK\$45,800,000 and HK\$234,200,000 shall be payable to Wide Fine (Asia) and Gain Concept, respectively, on or before the Second Payment Date, subject to the Post-Completion Obligations in relation to the Vendor's obligations.
 - (2) In the event if the aggregate sum of HK\$480,000,000 will be payable by the issue of Promissory Notes by the Company, it shall be satisfied in the following manner:-
 - (i) as to HK\$200,000,000 by the issue of the Promissory Notes by the Company to the Vendors, with Promissory Notes in principal amount of HK\$102,000,000 and HK\$98,000,000 to be issued to Wide Fine (Asia) and Gain Concept, respectively, on or before the First Payment Date; and
 - (ii) as to HK\$280,000,000 by the issue of the Promissory Notes by the Company to the Vendors, with Promissory Notes in principal amount of HK\$45,800,000 and HK\$234,200,000 to be issued to Wide Fine (Asia) and Gain Concept, respectively, on or before the Second Payment Date, subject to the Post-Completion Obligations in relation to the Vendor's obligations.

- (3) In the event if the aggregate sum of \$480,000,000 will be payable in both cash and by the issue of the Promissory Notes by the Company, it shall be satisfied in the manner to be determined by the parties to the Sale and Purchase Agreement on or before the First Payment Date for the sum of HK\$200,000,000, and on or before the Second Payment Date for the sum of HK\$280,000,000, or on such other dates as the parties to the Sale and Purchase Agreement may mutually agree in writing.
- (b) the remaining sum of HK\$300,000,000, of which HK\$250,000,000 and HK\$50,000,000 shall be paid to Wide Fine (Asia) and Gain Concept, respectively, by issue of the Convertible Notes in the same principal amount by the Company, convertible into an aggregate of 3,750,000,000 Conversion Shares of the Company at the Conversion Price of HK\$0.08, payable on or before the Second Payment Date, or on such other date as the parties to the Sale and Purchase Agreement may mutually agree in writing.

The Purchaser shall procure the Company to issue the Convertible Notes and Promissory Notes to settle part of the Consideration.

The manner of payment in relation to the Consideration shall be subject to the condition that the shareholdings of the Company ultimately held by Mr. Wong, his associates and parties acting in concert with them (as defined under the Takeovers Code) (including but not limited to the shareholdings held by Wide Fine (Asia), Gain Concept, their respective associates and parties acting in concert with them (as defined under the Takeovers Code)) upon the Completion shall not be greater than 29.9% after the issue and allotment of the Conversion Shares (after full exercise of the conversion rights attached to the Convertible Notes).

In the event that the Vendors shall fail to perform or comply with any of its obligations contained in the Sale and Purchase Agreement or if there shall be any material breach of the warranties, or if the transactions contemplated by the Sale and Purchase Agreement are not completed for any reason whatsoever, or if the transactions contemplated under the Sale and Purchase Agreement are not approved by the Shareholders at the SGM, the Purchaser shall be entitled to rescind or terminate the Sale and Purchase Agreement without prejudice to the Purchaser's rights to demand (i) the refund of the refundable deposit as referred to hereinabove, and such deposit shall be refunded to the Purchaser by the Vendors within 30 Business Days upon such termination; and (ii) the redemption of the Promissory Notes by the Company at zero consideration without interest in the principal amount of the Promissory Notes.

The manner of payment of the Consideration in respect of the different proportion of cash/ Promissory Notes and Convertible Notes to be payable to the Vendors was arrived at after arm's length negotiations between the Purchaser and the Vendors on normal commercial terms and with reference to, among other things, the shareholding structure of the Company upon Completion and the fund raising ability of the Company.

The Directors have noted the cost incurred by the Vendors for acquiring 80% Beneficial Interest in Sunrise Silicon, which amounted to RMB144,000,000 (equivalent to approximately HK\$175,680,000), comprising of (i) the consideration of RMB92,000,000 (equivalent to approximately HK\$112,240,000) for acquiring 51.11% Beneficial Interest in Sunrise Silicon pursuant to the Shareholding Transfer and Registered Capital Injection Agreement; and (ii) the consideration of RMB52,000,000 (equivalent to approximately HK\$63,440,000) for the 28.89% Acquisition pursuant to the Letter of Intent. According to the representation of the Vendors, the aggregate consideration of RMB144,000,000 (equivalent to approximately HK\$175,680,000) for acquiring 80% Beneficial Interest of Sunrise Silicon was based on, including but not limited to, (i) the commitment of Mr. Wong and Mr. Cheung to acquire the controlling shareholding of LongYu Yidian; (ii) the commitment of Mr. Wong and Mr. Cheung to assume the shareholders loan of LongYu Yidian; (iii) the unfavorable financial performance and financial position of LongYu Yidian; and (iv) the agreement of LongYu Yidian to provide electricity to Sunrise Silicon at the price of either the national approved electricity price or Longyu Yidian's actual cost of electricity supply, whichever is higher. The Directors hold the view that the investment in Sunrise Silicon by the Vendors is a separate transaction (despite interrelating) without the involvement of the Company, and such investment cost incurred by the Vendors only forms one of the various criteria considered by them. The Consideration was arrived at arm's length negotiations between the Purchaser and the Vendors. Details of the basis of the Consideration is set out under the paragraph headed "*Basis of Consideration*" below.

The Proposed Acquisition is subject to the availability of sufficient funding to finance the Consideration. Such funding will be arrived from the following proposed fund raising activities, including but not limited to, by way of (i) placing of new Shares by the Company under the equity line of credit as disclosed under the circular of the Company dated 3 October 2011; (ii) placing of convertible debt securities to investors who are Independent Third Parties by the Company; (iii) rights issue or open offer; and (iv) placing of new Shares or other equity securities to investors who are Independent Third Parties by the Company. As at the date of this announcement, no concrete fund raising plan has been formed by the Company.

Basis of Consideration

The Consideration under the Sale and Purchase Agreement was arrived at after arm's length negotiations and on normal commercial terms, between the Purchaser and the Vendors with reference to, among other things, the followings:-

- (a) the Preliminary Valuation on the entire business enterprise value of Sunrise Silicon with a range of approximately RMB800,000,000 to RMB900,000,000 (equivalent to approximately HK\$976,000,000 to HK\$1,098,000,000) as at 30 September 2011 by an independent Valuer appointed by the Company;
- (b) the anticipated future demand in metallurgical silicon as a result of the growth in the demand of polycrystalline silicon and solar grade silicon;

- (c) further to the industrial plan strategised by the government of the Luoyang City of Henan Province of PRC in the “11th five-year plan”, Sunrise Silicon targets to commence installation of 4 additional metallurgical silicon furnaces, which is expected to increase its production capacity from its current annual production capacity of 30,000 tonnes to 100,000 tonnes; and
- (d) Sunrise Silicon is one of the largest metallurgical silicon production enterprises in China.

In view of the above basis, the Directors (excluding the three independent non-executive Directors who will express their view after receiving advice from the independent financial advisor) hold the view that the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Shareholders as a whole despite the fact that the cost to the Vendor of RMB144,000,000 (equivalent to approximately HK\$175,680,000) is significantly lower than the Consideration of HK\$780,000,000.

Based on a preliminary valuation report provided by the Valuer, the Preliminary Valuation for the entire business enterprise value of Sunrise Silicon was valued at a range of approximately RMB800,000,000 to RMB900,000,000 (equivalent to approximately HK\$976,000,000 to HK\$1,098,000,000) as at 30 September 2011. Such Preliminary Valuation is subject to, among other things, the Valuer’s formal valuation report.

In this connection, the Company has conducted and will, up to Completion, continue to conduct due diligence on the assets, liabilities, operations and affairs, and feasibility of the business plan of Sunrise Silicon.

The Preliminary Valuation of Sunrise Silicon was conducted by the independent Valuer using the income approach (discounted cash flow method), which is based on the financial projection and income forecast provided by the management of Sunrise Silicon on the basis of certain principal assumptions, which includes:

- the legally interested parties in Sunrise Silicon have free and uninterrupted rights to assign Sunrise Silicon (whether in part or in whole) throughout the entire unexpired term as granted under the relevant government licences provided that any and all premiums / administrative costs payable have already been fully paid;
- all the required licenses, certificates, consents, or other legislative or administrative authority from any local, provincial, or national government or private entity or organisation have been or can readily be obtained or renewed on which the valuation contained in preliminary report is based;
- the operations in Sunrise Silicon match the quality and quantity expected by the management of the Company;

- Sunrise Silicon successfully raises sufficient fundings to finance and expand the production as planned, and is able to sell the products to its clientele at market price as projected;
- the current business of Sunrise Silicon successfully yielding the economic benefits as projected by the management of the Company;
- the prospective earnings of the current business would provide a reasonable return to Sunrise Silicon, and that the management of Sunrise Silicon has adequate working capital to operate its business from time to time;
- there is no material change on local, provincial, or national rules and regulations on the business operated by Sunrise Silicon;
- the legally interested parties of Sunrise Silicon have adopted reasonable and necessary security measures and have considered several contingency plans against any disruption (such as change of government policy, natural disasters and labour dispute) to Sunrise Silicon's business;
- Sunrise Silicon's business can be freely disposed and transferred free of all encumbrances for its existing uses in the market to both local and overseas purchasers without payment of any premium to the government;
- Sunrise Silicon has an increasing annual production capacity from 2012 as 36,000 tonnes to 2015 and onwards as 100,000 tonnes;
- current industrial Silicon unit selling price of RMB15,000 (equivalent to approximately HK\$18,300) per tonne;
- growth rate of approximately 3.4% per annum in the projected revenue and projected cost; and
- discount rate of approximately 14.8%.

Conditions precedent

Unless waived by the Purchaser in writing, notwithstanding anything contained in the Sale and Purchase Agreement, Completion is conditional upon each of the following conditions precedent being satisfied in all respects on or before the Long Stop Date, 15 October 2012 (or such later date as the parties hereto may mutually agree in writing):–

- (a) the passing by the Independent Shareholders at the SGM of all necessary resolution(s) to approve the Sale and Purchase Agreement and all the transactions contemplated thereunder, including but not limited to the issue of the Promissory Notes, the Convertible Notes and the Conversion Shares, in accordance with the requirements of the GEM Listing Rules;

- (b) the obtaining of any and all corporate approvals and any approvals or consents from any and all governmental or regulatory authorities (including the Stock Exchange and/or the Hong Kong Securities and Futures Commission) required for the Proposed Acquisition;
- (c) the GEM Listing Committee of the Stock Exchange having granted or agreeing to grant the listing of, and permission to deal in, the Conversion Shares, whether subject to conditions or not;
- (d) the Vendors having obtained all relevant approvals, confirmations, waivers or consents in respect of the Sale and Purchase Agreement and all transactions contemplated thereunder under the applicable laws and regulations from the relevant authorities having jurisdiction over the Vendors or other relevant third parties;
- (e) each of the member companies of the Target Group having obtained all necessary operation permits or licences, including but not limited to, approval on the environmental assessment report, sewage permits and other environmental protection related documents, approval, certificates, licences, permits, land use rights certificates and building ownership certificates and having these permits, licences and certificates renewed for effectiveness upon expiry (if required), in all relevant jurisdictions;
- (f) the amended memorandum and articles of association of Sunrise Silicon in connection with the increase in shareholdings of Star Grace in Sunrise Silicon as contemplated under the Letter of Intent being registered with the relevant authorities in the PRC to the satisfaction of the Purchaser;
- (g) the obtaining of sufficient finance and funding to the satisfaction of the Purchaser for the purpose of funding the Proposed Acquisition;
- (h) the Purchaser does not find nor have the knowledge from the date of the signing of the Sale and Purchase Agreement, there being any abnormal operations or any material adverse change in the business, positions (including assets, financial and legal status), operations, performance or assets, or any undisclosed material potential risks in respect of the Target Group;
- (i) the Purchaser, its agents or professional advisers being reasonably satisfied with the results of the legal, financial, business and other due diligence review in relation to the Target Group and other assets and rights held or controlled by the Target Group;
- (j) the Purchaser being satisfied with the written evidences showing the annual production capacity of Sunrise Silicon is equal to or not less than 30,000 tonnes per year;

- (k) the Purchaser having obtained a PRC legal opinion from a qualified PRC legal adviser to the satisfaction of the Purchaser in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder and covering such matters which are relevant to the PRC legal aspects in relation to Sunrise Silicon (including but not limited to the assets, properties, titles, rights, obligations and other relevant permits, licences and certificates held by Sunrise Silicon);
- (l) the obtaining of a valuation report (in the approved form) from an independent Valuer appointed by the Company showing the entire value of Sunrise Silicon to be not less than RMB800,000,000 (equivalent to approximately HK\$976,000,000) as at the Completion Date;
- (m) the satisfactory execution, delivery and completion of all definitive contractual documentation governed by Hong Kong law and PRC law in respect of the Proposed Acquisition;
- (n) the obtaining by the Vendors of all relevant bank consents, if required;
- (o) there being no claim, litigation, arbitration, prosecution or other legal proceedings or any investigation, enquiry or in any proceedings or hearing before any statutory or governmental body, department, board or agency against the Vendors or the Target Group (including but not limited to the Target Company or Sunrise Silicon) as at the date of the Sale and Purchase Agreement;
- (p) a confirmation of no material change in the financial position and business operation of the Target Company having been provided by the Target Company to the satisfaction of the Purchaser;
- (q) Within 3 month from the date of the Sale and Agreement Agreement, the Vendors, in proportion to their respective shareholdings in the Target Company, settle the payment of RMB92,000,000 (equivalent to approximately HK\$112,240,000), such that Star Grace shall then own 51.11% Beneficial Interest in Sunrise Silicon;
- (r) Star Grace having entered into a sale and purchase agreement with Yiyang Hongguang and LongYu Yidian regarding the 28.89% Acquisition, and that such sale and purchase agreement being registered with and approved by the relevant PRC authority to effect Star Grace's ownership of the acquired Equity Interest in Sunrise Silicon;
- (s) Mr. Wong (or his nominee) (i) having disposed of the mining rights of Sunrise Silicon under certain silicon ore resources located in Luoyang owned by Sunrise Silicon (the "**Mines**") to a newly incorporated PRC company (the "**New PRC Company**"); and (ii) by novation, causing the New PRC Company to assume all the rights, benefits and obligations of Sunrise Silicon under the relevant tenancy agreements entered into by Sunrise Silicon regarding the use of the Mines; and

- (t) the Proposed Acquisition does not, and will not constitute a reverse takeover pursuant to the GEM Listing Rules, and in the event if the Proposed Acquisition constitutes, or will constitute a reverse takeover pursuant to the GEM Listing Rules, the Sale and Purchase Agreement shall lapse and the respective rights and obligations of the Vendors and Purchaser under the Sale and Purchase Agreement shall be released.

The Purchaser shall have the right to waive any of the above conditions precedent in writing save and except for conditions precedent (a) to (g), (l), and (q) to (t) above. If any of the conditions precedent have not been fulfilled (or where waivable, waived by the Purchaser in writing) on or before the Long Stop Date, the Purchaser shall not be bound to proceed with the purchase of the Sale Shares and the Sale and Purchase Agreement (other than the clauses relating to conditions precedent, confidentiality, costs and expenses and governing law and jurisdiction) become void and of no further effect from the Long Stop Date and, save in respect of any antecedent breaches, all liabilities and obligations of the parties to the Sale and Purchase Agreement shall cease and determine provided that such termination shall be without prejudice to any rights or remedies of the Vendors and the Purchaser which shall have accrued prior to such termination. Any and all monies paid to the Vendors pursuant to Sale and Purchase Agreement shall be refunded to the Purchaser by the Vendors within 30 Business Days upon termination.

Completion

Upon fulfillment of all the conditions set out above, Completion shall take place on the Completion Date.

Upon Completion, the Target Company will become a direct wholly-owned subsidiary of the Company, such that the Purchaser will, in turn, own 80% Equity Interest in Sunrise Silicon owned by Star Grace. Upon fulfilling the Post-Completion Obligations in relation to the Vendor's obligations, the Purchaser will own 80% Beneficial Interest in Sunrise Silicon.

Post-Completion Obligations

Vendor's obligations

The Vendors agree that the Purchaser shall, out of the sum of HK\$280,000,000 payable to the Vendors as the second installment of the Consideration, on or before the Second Payment Date, withhold a sum of approximately HK\$63,500,000 (equivalent to approximately RMB52,000,000), which shall be incurred by Gain Concept, for the purposes of settling the consideration for the 28.89% Acquisition, such that the Purchaser will own 80% of the Beneficial Interest in Sunrise Silicon upon the completion of the 28.89% Acquisition within 1 year after the registered capital of Sunrise Silicon be increased to RMB180,000,000 (equivalent to approximately HK\$219,600,000) pursuant to the Letter of Intent.

Purchaser's obligations

The Purchaser agrees to procure the injection of RMB180,000,000 (equivalent to approximately HK\$219,600,000) as registered capital into Sunrise Silicon by the Purchaser through Star Grace, such that the registered capital of Sunrise Silicon be increased to RMB360,000,000. (equivalent to approximately HK\$439,200,000), within 1 year after the registered capital of Sunrise Silicon be increased to RMB180,000,000 (equivalent to approximately HK\$219,600,000) and after the completion of the 28.89% Acquisition, pursuant to the Letter of Intent. Upon the completion of such increase in the registered capital of Sunrise Silicon, the Purchaser will ultimately own 90% Beneficial Interest in Sunrise Silicon.

Accordingly, such additional registered capital of RMB180,000,000 (equivalent to approximately HK\$219,600,000) to be injected by the Purchaser through Star Grace and together with the registered capital of RMB40,000,000 (equivalent to approximately HK\$48,800,000) to be injected by the Vendors through Star Grace shall be used to repay the outstanding liabilities and loans of Sunrise Silicon, and the remaining amount shall be used as working capital of Sunrise Silicon.

Profit Guarantee

In addition to the Shareholding Transfer and Registered Capital Injection Agreement, Star Grace, LongYu Yidian, Yiyang Hongguang and the then shareholders of LongYu Yidian have entered into the Profit Guarantee Agreement dated 30 August 2011 (as supplemented and amended by a supplemental agreement dated 8 October 2011), pursuant to which, LongYu Yidian has agreed to provide a profit guarantee of RMB63,878,200 and RMB70,781,200 (equivalent to approximately HK\$77,931,404 and HK\$86,353,064 respectively) as the profit after taxation of Sunrise Silicon for the first and the second year, respectively, commencing from the month immediately after the registered capital of Sunrise Silicon be increased to RMB360,000,000 (equivalent to approximately HK\$439,200,000) by Star Grace or from 1 January 2012, whichever is later (the “**Profit Guarantee**”).

According to the representations by the Vendors, LongYu Yidian has agreed to provide the Profit Guarantee so as to facilitate and speed up the reorganization and restructuring of Sunrise Silicon for the purpose of obtaining additional funding to support the business operations and development of Sunrise Silicon.

Pursuant to the Sale and Purchase Agreement, the Shareholding Transfer and Registered Capital Injection Agreement and the Profit Guarantee Agreement, upon Completion, the Company will beneficially own the entire equity interest of Star Grace, including all rights, benefits and obligations of Star Grace attached to the Profit Guarantee Agreement in relation to the Profit Guarantee. Therefore, upon Completion and the registered capital of Sunrise Silicon having been increased to RMB360,000,000 (equivalent to approximately HK\$439,200,000) by the Purchaser through Star Grace according to the Post-Completion Obligations (such that the shareholdings in Sunrise Silicon owned by Star Grace is 90%), the Purchaser will be interested in receiving the Profit Guarantee in proportion to its beneficial shareholdings in Sunrise Silicon.

Any shortfall of the Profit Guarantee (after adjustments, if any) shall be provided by the then shareholders of LongYu Yidian as at the date of the Profit Guarantee Agreement in proportion to their respective shareholdings in LongYu Yidian.

The Profit Guarantee is based on the following conditions and assumptions:

- (a) the financial costs of Sunrise Silicon for the year 2012 and 2013 being RMB34,799,100 and RMB39,427,400 respectively (equivalent to approximately HK\$42,454,902 and HK\$48,101,428 respectively); and
- (b) the annual average market price of the Core Product 421 being RMB16,000 (equivalent to approximately HK\$19,520) per tonne;

and shall be subject to the following adjustments:

- (a) in the event that the actual financial costs exceed the aforesaid assumed financial costs, the excess amount shall be subtracted from the Profit Guarantee. Whereas the actual financial costs are below the assumed financial costs, no adjustments shall be made to the Profit Guarantee; and
- (b) in the event that the actual annual average market price of the Core Product 421 is greater or less than the assumed annual average market price of RMB16,000 (equivalent to approximately HK\$19,520) per tonne, the Profit Guarantee shall be adjusted in accordance with the price fluctuation.

In the event that Sunrise Silicon is able to meet the aforesaid Profit Guarantee within the agreed specified period, Sunrise Silicon shall repay LongYu Yidian the outstanding loan at the amount of RMB10,400,000 (equivalent to approximately HK\$12,688,000), without interest, pursuant to the terms as stipulated in the Shareholding Transfer and Capital Injection Agreement. Conversely, in the event that Sunrise Silicon is unable to fulfill the Profit Guarantee within the said specified period, the shortfall of the Profit Guarantee may be set-off against the outstanding loan payable by Sunrise Silicon to LongYu Yidian, and such amount that can be set off against the shortfall is limited to RMB10,400,000 (equivalent to approximately HK\$12,688,000). Any excess shortfall of the Profit Guarantee shall be provided by the then shareholders of LongYu Yidian as at the date of the Profit Guarantee Agreement in proportion to their respective shareholdings in LongYu Yidian.

THE CONVERTIBLE NOTES

The principal terms of the Convertible Notes are summarized below:

Issuer:	The Company
Aggregate principal amount:	HK\$300,000,000
Form and denomination:	HK\$5,000,000 for each note

Maturity date:	The 2nd anniversary of the date of issue of the Convertible Notes. To the extent that the Convertible Notes have not been previously redeemed, converted, purchased or cancelled, the Company shall repay the outstanding principal amount of the Convertible Notes on the maturity date.
Interest:	Interest free
Conversion Price:	Initially, HK\$0.08 per Conversion Share
Transferability:	Freely transferable. Any transfer of the Convertible Notes to any connected person(s) of the Company (as defined in the GEM Listing Rules) shall be subject to the prior written approval of the Company and the applicable requirements that the Stock Exchange may impose from time to time, if any.
Adjustment to Conversion Price:	The Conversion Price is subject to adjustments upon the occurrence of, among other matters, subdivision or consolidation of Shares, capitalization issues, rights issues and other dilutive events, which adjustments shall be determined by the auditors or independent financial advisor in such manner as it considers appropriate.
Voting rights and ranking:	Holder(s) of the Convertible Notes shall not be entitled to attend or vote at any general meeting of the Company. Upon issue and allotment, Conversion Shares shall rank pari passu in all respects amongst themselves and within the Shares in issue on the date of allotment and issue of the Conversion Shares and be entitled to dividends and other rights carried by the Shares.
Conversion right:	The noteholder(s) has/have the right to convert the whole or part of the outstanding principal amount of the Convertible Notes at any time commencing on the Business Day after the date of issuance of the Convertible Note but before the maturity date, provided that the Convertible Notes may not be converted if such conversion would result in (i) the Company's non-compliance with the public float requirement stipulated under Rule 11.23 of the GEM Listing Rules; or (ii) such noteholder(s), its associates and parties acting in concert with it, taken together,

directly and indirectly or being interested in 29.9% or more of the voting rights of the Company (or such other percentage may from time to time be specified in the Takeovers Code being the level for triggering a mandatory general offer); or (iii) the noteholder(s) and other substantial shareholder(s) of the Company (if any), being presumed to be parties acting in concert with each other under the Takeovers Code by virtue of their then respective shareholdings in the Company.

Listing: The Convertible Notes will not be listed on the Stock Exchange or any other stock exchange. An application will be made to the Stock Exchange by the Company for the listing of, and the permission to deal in, the Conversion Shares on the Stock Exchange.

Assuming there is an immediate exercise in full of the conversion rights attaching to the Convertible Notes at the initial Conversion Price of HK\$0.08 per Conversion Share by the Vendors, the Company will allot and issue an aggregate of 3,750,000,000 Conversion Shares, representing (i) approximately 142.91% of the existing issued share capital of the Company; and (ii) approximately 58.83% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares. The Conversion Shares will be issued under the specific mandate of the Company. There is no restriction on the subsequent sale of the Conversion Shares.

The initial Conversion Price of the Conversion Shares is HK\$0.08 per Conversion Share and was arrived at after arm's length negotiations between the Company and the Vendors taking into account the prevailing market prices of the Shares. The initial Conversion Price represents:

- (i) a premium of approximately 6.67% over the closing price of the Shares of HK\$0.075 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 19.40% over the average of the closing price of the Shares of HK\$0.067 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 14.45% over the average of the closing prices of the Shares of HK\$0.0699 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day; and
- (iv) a discount of approximately 58.12% to the audited consolidated net asset value of the Group of approximately HK\$0.191 per Share as at 31 March 2011 (based on the audited net asset value of the Group of approximately HK\$501,679,000 as at 31 March 2011 and 2,623,945,000 issued Shares as at the date of the Sale and Purchase Agreement).

The Conversion Price was arrived at after arm's length negotiations between the parties to the Sale and Purchase Agreement after taking into account, among other things, the prevailing market price of the Shares, the financial performance of the Group and the current market conditions. The Directors (excluding the three independent non-executive Directors who will express their view after receiving advice from the independent financial advisor) are of the view that the Conversion Price is fair and reasonable.

THE PROMISSORY NOTES

Set out below are the principal terms of the Promissory Notes:

Principal amount:	A maximum of HK\$480,000,000
Interest:	Interest free
Maturity date:	24 months from the date of issue of the Promissory Notes
Repayment:	The full amount of the Promissory Notes shall be due and repayable on the maturity date to the noteholder(s) of the Promissory Notes or their nominees.
Early redemption:	The Company may prepay all or part of the Promissory Notes at any time prior to the maturity date by giving the noteholders of the Promissory Notes not less than seven (7) days' prior written notice specifying the amount and date of prepayment without any penalty, prepayment or other fees, provided that the amount of any partial prepayment shall be at least HK\$500,000 and all other sums, if any, then due and payable under the Promissory Notes shall have been paid.
Transferability:	<ol style="list-style-type: none">(1) Subject to the compliance of the conditions of the Promissory Notes, and in particular and further subject to the approvals, requirements and any other provisions of the Stock Exchange (if required), the Promissory Notes may be assigned or transferred to any third party.(2) the Promissory Notes (or any part thereof) may not be assigned or transferred to a connected person (as that term is defined in the GEM Listing Rules) of the Company without the prior written consent of the Company.

INFORMATION ON THE GROUP

The Group is principally engaged in the manufacturing and sales of paper products, money-lending business and biodegradable materials manufacturing.

INFORMATION ON THE VENDORS

Gain Concept is a company incorporated in Hong Kong with limited liability, principally engaged in the business of investment holding.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Gain Concept and its ultimate beneficial owner are Independent Third Parties.

Mr. Wong acquainted with Mr. Cheung for more than 10 years at and through business activities and occasions between property developers in Zhongshan.

Wide Fine (Asia) is a company incorporated in Hong Kong with limited liability, principally engaged in the business of investment holding.

As at the date of this announcement, Mr. Wong is the 100% beneficial owner of the entire issued share capital of Wide Fine (Asia). In view of Mr. Wong's capacity as an executive Director, chairman of the Board and a substantial Shareholder of the Company, Wide Fine (Asia) is a connected person of the Company under Chapter 20 of the GEM Listing Rules. Therefore, the Proposed Acquisition will constitute a connected transaction of the Company and is subject to the reporting, announcement, and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

INFORMATION ON THE TARGET GROUP

Target Company

The Target Company is a company incorporated in the BVI with limited liability, and which, as at the date of this announcement, the Target Company is owned as to 51% by Wide Fine (Asia) and 49% by Gain Concept. The Target Company is principally engaged in the business of investment holding. The sole asset of the Target Company is the entire issued share capital of Star Grace.

Star Grace

Star Grace is an investment holding company incorporated in Hong Kong with limited liability, and which, as at the date of this announcement, has entered into the Letter of Intent and Shareholding Transfer and Registered Capital Injection Agreement concerning the acquisition of certain shareholding of Sunrise Silicon.

On 1 June 2011, Star Grace had entered into the Letter of Intent with Sunrise Silicon, LongYu Yidian, Yiyang Hongguang and the Former Sunrise Silicon Shareholders (as supplemented and amended by a supplemental agreement dated 8 October 2011), pursuant to which Star Grace shall:-

Step 1: acquire 37.14% Beneficial Interest in Sunrise Silicon from the Former Sunrise Silicon Shareholders at a consideration of RMB52,000,000 (equivalent to approximately HK\$63,440,000) and inject RMB40,000,000 (equivalent to approximately HK\$48,800,000) as registered capital into Sunrise Silicon. Upon completion of Step 1, Star Grace shall own 51.11% Beneficial Interest in Sunrise Silicon;

Step 2: acquire 28.89% Beneficial Interest in Sunrise Silicon from LongYu Yidian at a consideration of RMB52,000,000 (equivalent to approximately HK\$ 63,440,000) within 1 year after the registered capital of Sunrise Silicon be increased to RMB180,000,000 (equivalent to approximately HK\$219,600,000). Upon completion of Step 2, Star Grace shall own 80% Beneficial Interest in Sunrise Silicon; and

Step 3: inject RMB180,000,000 (equivalent to approximately HK\$219,600,000) as registered capital into Sunrise Silicon within 1 year after the registered capital of Sunrise Silicon be increased to RMB180,000,000 and after the completion of the 28.89% Acquisition. Upon completion of Step 3, Star Grace shall own 90% Beneficial Interest in Sunrise Silicon.

On 30 August 2011, Star Grace had entered into the Shareholding Transfer and Registered Capital Injection Agreement with LongYu Yidian, Yiyang Hongguang and the Former Sunrise Silicon Shareholders (as supplemented and amended by a supplemental agreement dated 8 October 2011), in accordance with Step 1 of the Letter of Intent, concerning the transfer of 37.14% Beneficial Interest in Sunrise Silicon to Star Grace at a consideration of RMB52,000,000 (equivalent to approximately HK\$63,440,000) payable by the Vendors through Star Grace to the Former Sunrise Silicon Shareholders, and the injection of registered capital of RMB40,000,000 (equivalent to approximately HK\$48,800,000) into Sunrise Silicon by the Vendors through Star Grace. The aggregate amount of the consideration of RMB92,000,000 (equivalent to approximately HK\$112,240,000) shall be paid by the Vendors in proportion to their respective shareholdings in the Target Company. As at the date of this announcement, the Vendors has settled a partial payment of RMB24,444,800 (equivalent to approximately HK\$29,822,656) and the remaining amount shall be settled by the Vendors according to their respective interest in the Target Company on or before 12 January 2012.

As at the date of this announcement, Star Grace owns 51.11% Equity Interest in Sunrise Silicon. Upon settlement of the aggregate amount of the consideration of RMB92,000,000 (equivalent to approximately HK\$112,240,000) by the Vendors in proportion to their respective shareholdings in the Target Company on or before 12 January 2012, Star Grace shall own 51.11% Beneficial Interest in Sunrise Silicon pursuant to the Shareholding Transfer and Registered Capital Injection Agreement. Pursuant to the Letter of Intent and the Sale and Purchase Agreement, Star Grace will own 80% Beneficial Interest in Sunrise Silicon upon the completion of the 28.89% Acquisition. Further, Star Grace will ultimately own 90% Beneficial Interest in Sunrise

Silicon upon the completion of the Post-Completion Obligation under the Sale and Purchase Agreement. Details of the shareholding structure of the Target Group are set out below under the section headed “SHAREHOLDING STRUCTURE OF THE TARGET GROUP” of this announcement.

Sunrise Silicon

Sunrise Silicon is a company established under the laws of the PRC on 12 April 2007 with limited liability and is principally engaged in the business of manufacturing metallurgical silicon in the PRC and its operation includes production, sales and development of metallurgical silicon.

Sunrise Silicon was originally owned as to 42.86%, 20.00% and 37.14% by LongYu Yidian, Yiyang Hongguang and the Former Sunrise Silicon Shareholders respectively. The then registered capital and paid up capital of Sunrise Silicon were RMB140,000,000 (equivalent to approximately HK\$170,800,000). At the time when LongYu Yidian, Yiyang Hongguang and the Former Sunrise Silicon Shareholders approached Mr. Wong in February 2011, LongYu Yidian and Sunrise Silicon had been undergoing reorganisation and restructuring due to the imposition of the national policy which restricts the local governmental electric power authority from holding any ownership in commercial electricity plant and was seeking investment from potential purchasers. At that time, Mr. Wong had, at the first instance, referred such investment to the Company and the Company has expressed interest to commence preliminary negotiations with LongYu Yidian, Yiyang Hongguang and the Former Sunrise Silicon Shareholders concerning the shareholding interest in Sunrise Silicon. As LongYu Yidian had imposed the requirement on the potential purchasers to acquire both Sunrise Silicon and LongYu Yidian, while (i) there contains certain legal restrictions in the PRC for the Company to become the controlling shareholders in LongYu Yidian; (ii) the business prospect and financial position of LongYu Yidian is not favorable to the Company and (iii) the business nature of LongYu Yidian is not consistent with the Company, which is focused on environmental protection related business, the Company therefore decided not to continue the negotiations with LongYu Yidian, Yiyang Hongguang and the Former Sunrise Silicon Shareholders concerning the proposed acquisition for Sunrise Silicon.

After the Company had made the above decision, taken into the account of the business potential of Sunrise Silicon and the negotiation process of the other potential investors in the market, which are the market leaders in the solar-related silicon production industry, Mr. Wong then considered the potential investment in Sunrise Silicon as his personal investment at the outset and, together with Mr. Cheung, continued the negotiation with LongYu Yidian, Yiyang Hongguang and the Former Sunrise Silicon Shareholders. Since then, Mr. Wong and Mr. Cheung continued to discuss and negotiate with LongYu Yidian, Yiyang Hongguang and the Former Sunrise Silicon Shareholders, review the business prospect of Sunrise Silicon and perform various preliminary due diligence works on Sunrise Silicon. As Mr. Wong and Mr. Cheung were generally satisfied with the due diligence exercise conducted on Sunrise Silicon, Star Grace

then entered into the Letter of Intent on 1 June 2011 and further into the Shareholding Transfer and Registered Capital Injection Agreement on 30 August 2011 with LongYu Yidian, Yiyang Hongguang and the Former Sunrise Silicon Shareholders.

After entering into the Letter of Intent, the Vendors, acting in their own commercial interest, began to look for potential investors for Sunrise Silicon. The Vendors then approached the Company (among other potential investors) to see if they were interested in acquiring the Target Group.

After careful analysis and assessment of the information on Sunrise Silicon, although the Target Group had been incurring loss throughout the past few years, the Directors hold the view that such losses were mainly attributable to the cost incurred under the implementation and initial phase of the silicon production project.

Details of the reasons for and benefits of the Proposed Acquisition are set out below under the section headed “REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION” in this announcement.

It is agreed between the Vendors and the Company that the Consideration be determined with reference to the valuation prepared by an independent Valuer, as the Board and the Vendors consider it as the most independent way to determine the Consideration. In particular, an independent valuation can better reflect the business potential of Sunrise Silicon and the market potential of the solar-related silicon production industry in the PRC. After commercial negotiations between the Vendors and the Company at arm’s length basis, both parties then agreed to enter into the Sale and Purchase Agreement on 13 October 2011.

No valuation was performed at the time when Star Grace entered into the Letter of Intent and Shareholding Transfer and Registered Capital Injection Agreement with LongYu Yidian, Yiyang Hongguang and the Former Sunrise Silicon Shareholders.

As at the date of this announcement, the obligation of the Vendor to settle the consideration of RMB92,000,000 (equivalent to approximately HK\$112,240,000) under the Shareholding Transfer and Registered Capital Injection Agreement is not yet fully satisfied. The Vendors have settled a partial payment of RMB24,444,800 (equivalent to approximately HK\$29,822,656) and the remaining amount shall be settled by the Vendors according to their respective interest in the Target Company on or before 12 January 2012. It is one of the conditions precedent under the Sale and Purchase Agreement that the Vendors shall settle the payment of RMB92,000,000 (equivalent to approximately HK\$112,240,000) on or before 12 January 2012.

The Directors have noted the cost incurred by the Vendors for acquiring 80% Beneficial Interest in Sunrise Silicon which amounted to RMB144,000,000 (equivalent to approximately HK\$175,680,000), including (i) the consideration of RMB92,000,000 (equivalent to approximately HK\$112,240,000) for acquiring 51.11% Beneficial

Interest in Sunrise Silicon pursuant to the Shareholding Transfer and Registered Capital Injection Agreement; and (ii) the consideration of RMB52,000,000 (equivalent to approximately HK\$63,440,000) for the 28.89% Acquisition pursuant to the Letter of Intent. The Directors hold the view that the investment in Sunrise Silicon by the Vendors is a separate transaction (despite interrelating) without the involvement of the Company and such investment cost incurred by the Vendors only forms one of the various criteria considered by them. Details of the basis of the Consideration are set out above under the paragraph headed “*Basis of Consideration*” in this announcement.

As at the date of this announcement, Sunrise Silicon is owned as to 51.11% by Star Grace, and as to 33.33% and 15.56% by LongYu Yidian and Yiyang Hongguang respectively. The paid-up capital and registered capital of Sunrise Silicon, as at the date of this announcement, are RMB164,444,800 (equivalent to approximately HK\$200,622,656) and RMB180,000,000 (equivalent to approximately HK\$219,600,000) respectively. Details of the shareholding structure of Sunrise Silicon (i) upon Completion; and (ii) upon completion of the Post-Completion Obligations are set out below under the section headed “SHAREHOLDING STRUCTURE OF THE TARGET GROUP” in this announcement.

Sunrise Silicon is one of the largest silicon production enterprises in China with an annual production capacity of 30,000 tonnes per year. Further to the industrial plan strategized by the government of the Luoyang City of Henan Province of the PRC in the “11th five-year-plan”, Sunrise Silicon targets to produce 100,000 tonnes of metallurgical silicon per year. Its operation includes production, sales and development of metallurgical silicon.

The 100,000 tonnes metallurgical silicon production project of Sunrise Silicon was first approved by the relevant governmental authorities on 2 August 2007 and such approval was renewed by the relevant governmental authorities on 27 June 2011. Sunrise Silicon has successfully been granted the right to produce up to 100,000 tonnes metallurgical silicon per year and has successfully obtained all necessary operation permits and licenses, including approval on the environmental protection, safety production, fire safety, occupational diseases and usage of dangerous chemical for the current production capacity of 30,000 tonnes metallurgical silicon per year. Further, Sunrise Silicon is required to obtain all such operation permits and licenses for the additional production capacity of 70,000 tonnes metallurgical silicon per year.

After having considered (i) the 100,000 tonnes metallurgical silicon production project of Sunrise Silicon having been approved by the relevant governmental authorities; (ii) the furnaces model and operational technology adopted and used by Sunrise Silicon for the existing two 39MVA metallurgical silicon furnaces (with production capacity of 30,000 tonnes metallurgical silicon) having met all the regulatory standards and requirements for all necessary permits and licenses; and (iii) the additional four 39MVA metallurgical silicon furnaces (with production capacity of 70,000 tonnes metallurgical silicon per year) will be adopting and using the same furnaces model and operational

technology as the existing two 39MVA metallurgical silicon furnaces, it is fair and reasonable for the Directors to hold the view that Sunrise Silicon would be able to obtain all necessary operation permits and licenses to increase its annual production capacity to 100,000 tonnes.

Sunrise Silicon currently has two 39MVA metallurgical silicon furnaces in operation, which are one of the largest metallurgical silicon furnaces in the PRC. Sunrise Silicon targets to install 4 additional metallurgical silicon furnaces in order to achieve an annual production of 100,000 tonnes of metallurgical silicon. The large-scale furnaces employed in its production give Sunrise Silicon a competitive edge in terms of a more even heat distribution and hence enhanced power consumption efficiency and shortened production time. Secondly, its capability in coping with mass production is particularly favorable for Sunrise Silicon in dealing with the high demand in metallurgical silicon as a result of the growth in the demand of polycrystalline silicon and solar grade silicon.

Sunrise Silicon currently owns a patented technology known as the “Electrode Technology”* (用於大型金屬硅電爐的復合自焙電極), which enables Sunrise Silicon to achieve higher economic efficiency in silicon production as compared to other manufacturers using the conventional domestic or imported electrode technology (which is of a poorer quality and often led to frequent shutdowns, resulting in economic inefficiency and increased operational costs).

Further, Sunrise Silicon owns another patented technology known as the “Cogeneration Technology”* (金屬硅冶煉電爐餘熱發電裝置), which enables LongYu Yidian, the neighbouring electricity plants, to reuse wasted heat which are produced during the silicon manufacturing process to generate electricity which, in turn, will reduce the cost of electricity for operating the silicon manufacturing furnaces. This patented technology not only increases power consumption efficiency, but also enhances environmental friendliness. The National Development and Reform Commission of China hails the Cogeneration Technology as one of the ten most important newly developed technologies and the patented technology is supported by PRC government’s energy policy.

LongYu Yidian

LongYu Yidian, situated adjacent to Sunrise Silicon, is a state-owned enterprise. LongYu Yidian is principally engaged in (i) power generation from clean coal; (ii) electricity distribution business; and (iii) related technical services. LongYu Yidian supplies electricity to Sunrise Silicon.

According to the representations by LongYu Yidian, LongYu Yidian recorded an unaudited loss of approximately RMB30,300,000 for the year ended 31 December 2010 and a forecasted loss of approximately RMB65,000,000 for the year ending 31 December 2011. As at 31 December 2010, LongYu Yidian had total main debts of approximately RMB758,000,000.

LongYu Yidian has agreed to provide electricity at the price of either the national approved electricity price or Longyu Yidian's actual cost of the electricity supply, whichever is higher, to Sunrise Silicon for the operation of the silicon manufacturing furnaces. This buffer provided by LongYu Yidian will further reduce the cost of electricity for operating the silicon manufacturing furnaces.

Sunrise Silicon has relied solely on LongYu Yidian for the provision of electricity over the past two years and it is able to have access to electricity from the national electricity grid as an alternative source of electricity with higher cost.

Upon the completion of the acquisition of LongYu Yidian by Mr. Wong, Mr. Cheung, their nominees or other third parties procured by them, LongYu Yidian may become a connected person of the Company, subject to the confirmations of independence of the said third parties and the then shareholding structure of LongYu Yidian. If LongYu Yidian becomes a connected person of the Company, the supply of electricity by LongYu Yidian to Sunrise Silicon will constitute a continuing connected transaction of the Company and will be subject to reporting, announcement and independent shareholders' approval requirements (if required) pursuant to Chapter 20 of the GEM Listing Rules.

LETTER OF INTENT DATED 12 DECEMBER 2011 ENTERED INTO BETWEEN MR. WONG, MR. CHEUNG AND THE LONGYU YIDIAN SHAREHOLDERS

According to the representations of the Vendors, the acquisitions of Sunrise Silicon and LongYu Yidian by Mr. Wong, Mr. Cheung or their nominees are inter-relating. On 12 December 2011, Mr. Wong, Mr. Cheung and the LongYu Yidian Shareholders has entered into a letter of intent in relation to the acquisition of LongYu Yidian by Mr. Wong, Mr. Cheung or their nominees.

The Vendors proceeded to acquire the interest in Sunrise Silicon before the terms for the acquisition of LongYu Yidian were finalized due to, including but not limited to, (i) this being a part of the negotiation strategy of the Vendors; and (ii) LongYu Yidian had been undergoing a restructuring of its other assets and companies.

According to the representations made by LongYu Yidian, the disposal of Sunrise Silicon is only part of the assets and companies held by LongYu Yidian. LongYu Yidian also holds interests in other assets and companies, such as Luoyang LongYu ShanChuan Molybdenum Company Limited* (“洛陽龍羽山川鉬業有限公司”), Luoyang LongYu WoDe Molybdenum Company Limited* (“洛陽龍羽沃德鉬業有限公司”) and coal-dust brick factory (“粉煤灰磚廠業務”), whereby restructuring of the said interests is required prior to the finalization of the terms of the relevant sales and purchase agreement concerning the acquisition of LongYu Yidian.

Further, LongYu Yidian's shareholders, namely Luoyang LongYu Group* (洛陽龍羽集團有限公司), Luoyang LongYu Shengyang Investment Company*(洛陽龍羽聖揚投資有限公司), Treasure Power Investment Limited (“寶鉅投資有限公司”) and Yiyang

Hongguang, each have their own agenda and interests concerning the disposal of the shareholdings in LongYu Yidian. Accordingly, negotiations with individual shareholders are required.

In addition, according to the representations made by the PRC legal advisors, as it is a legal issue as to whether the sale and purchase of the relevant shareholdings of LongYu Yidian may involve a public auction, which may affect the consideration and extra time may be required for the process of obtaining approval from the relevant authority.

The proposed major terms of the letter of intent between Mr. Wong, Mr. Cheung and the LongYu Yidian Shareholders are summarized as follows:-

- (a) according to the previous commitment by Mr. Wong and Mr. Cheung to the LongYu Yidian Shareholders, Mr. Wong and Mr. Cheung has committed to proceed to acquire LongYu Yidian after the acquisition of Sunrise Silicon;
- (b) Mr. Wong, Mr. Cheung, their nominees or other third parties procured by them have initially and preliminary agreed to set up a domestic company incorporated in the PRC to acquire an aggregate of 75% beneficial interest of LongYu Yidian from LongYu Yidian Shareholders, details of the acquisition shareholding structure are currently subject to further discussion and determination amongst the relevant parties;
- (c) (i) the consideration payable by Mr. Wong and Mr. Cheung; and (ii) the amount of shareholder loans of LongYu Yidian to be assumed by Mr. Wong and Mr. Cheung are tentatively agreed to be in between RMB600,000,000 and RMB800,000,000 (equivalent to approximately HK\$732,000,000 and HK\$976,000,000 respectively); and
- (d) Mr. Wong and Mr. Cheung shall proceed to acquire LongYu Yidian within one year from the date of signing of the letter of intent.

In view of the legal restrictions imposed in the PRC prohibiting foreign investors to set up a domestic company incorporated in the PRC to acquire LongYu Yidian, according to the representations by the Vendors, as substantiated by a legal opinion provided by their PRC legal adviser, if the capital invested by foreign investors is generated from their domestic operations in the PRC, instead of injected from foreign countries, the foreign investors can nominate third parties as their nominees to set up a domestic company incorporated in PRC to acquire LongYu Yidian.

The Sales and Purchase Agreement does not contain any terms concerning inter-conditionality between the Proposed Acquisition and the Vendors' acquisition of LongYu Yidian. The Board holds the view that, at this stage, failure to acquire LongYu Yidian and to assume the shareholders loan of LongYu Yidian by the Vendors will have no apparent impact on the Proposed Acquisition.

FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below is the unaudited financial statement of the Target Company for the period from 23 May 2011, its date of incorporation, to 31 August 2011 as prepared in accordance with the Hong Kong Financial Reporting Standards:

	From the date of incorporation to 31 August 2011 (Unaudited) <i>HK\$</i>
Turnover	NIL
Profit/(Loss) before taxation and extraordinary items	(9,800)
Profit/(Loss) after taxation and extraordinary items	(9,800)
	As at 31 August 2011 (Unaudited) <i>HK\$</i>
Total assets	880
Total liabilities	9,900
Net (liability)/asset value	(9,020)

Set out below is the unaudited financial statement of Star Grace for the period from 17 March 2011, date of its incorporation, to 31 August 2011 as prepared in accordance with Hong Kong Financial Reporting Standards:

	From the date of incorporation to 31 August 2011 (Unaudited) <i>HK\$</i>
Turnover	NIL
Profit/(Loss) before taxation and extraordinary items	(7,662)
Profit/(Loss) after taxation and extraordinary items	(7,662)
	As at 31 August 2011 (Unaudited) <i>HK\$</i>
Total assets	2,638
Total liabilities	10,200
Net (liability)/asset value	(7,562)

Set out below are the unaudited financial statement of Sunrise Silicon for the financial year ended 31 December 2009 and 31 December 2010 and the unaudited financial statement for the eight months ended 31 August 2011, as prepared in accordance with China Accounting Standard for Business Enterprises:

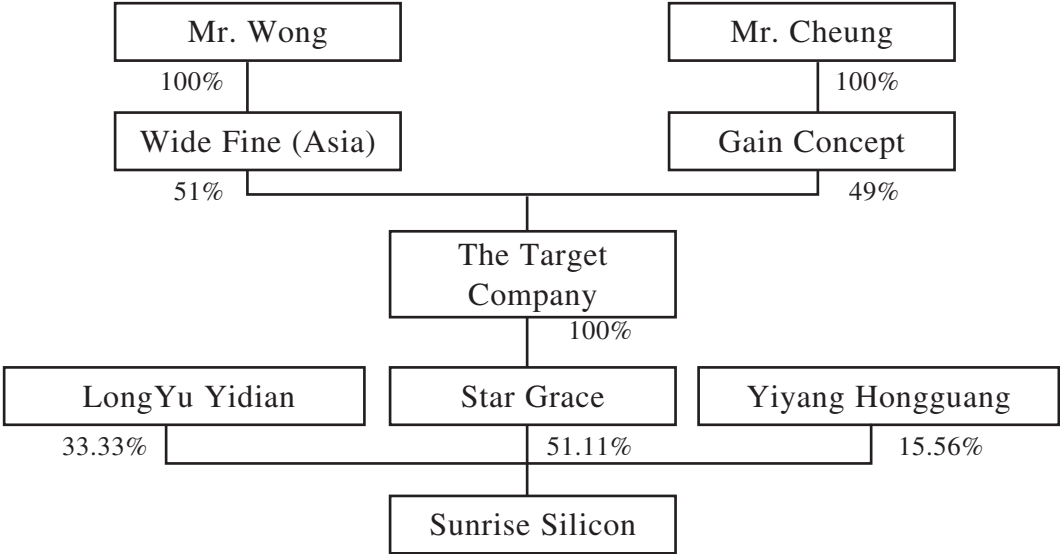
	For the year ended 31 December 2009 (Unaudited) RMB	For the year ended 31 December 2010 (Unaudited) RMB	For the eight months ended 31 August 2011 (Unaudited) RMB
Turnover	97,806,831	335,829,679	173,581,176
Profit/(Loss) before taxation and extraordinary items	(8,345,125)	(67,812,972)	(20,069,128)
Profit/(Loss) after taxation and extraordinary items	(8,358,238)	(67,812,972)	(20,069,128)
	As at 31 December 2009 (Unaudited) RMB	As at 31 December 2010 (Unaudited) RMB	As at 31 August 2011 (Unaudited) RMB
Total assets	681,267,605	781,721,065	721,878,616
Total liabilities	549,625,843	718,722,450	686,491,465
Net (liability)/asset value	131,641,762	62,998,615	35,387,151

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the Group's financial statements.

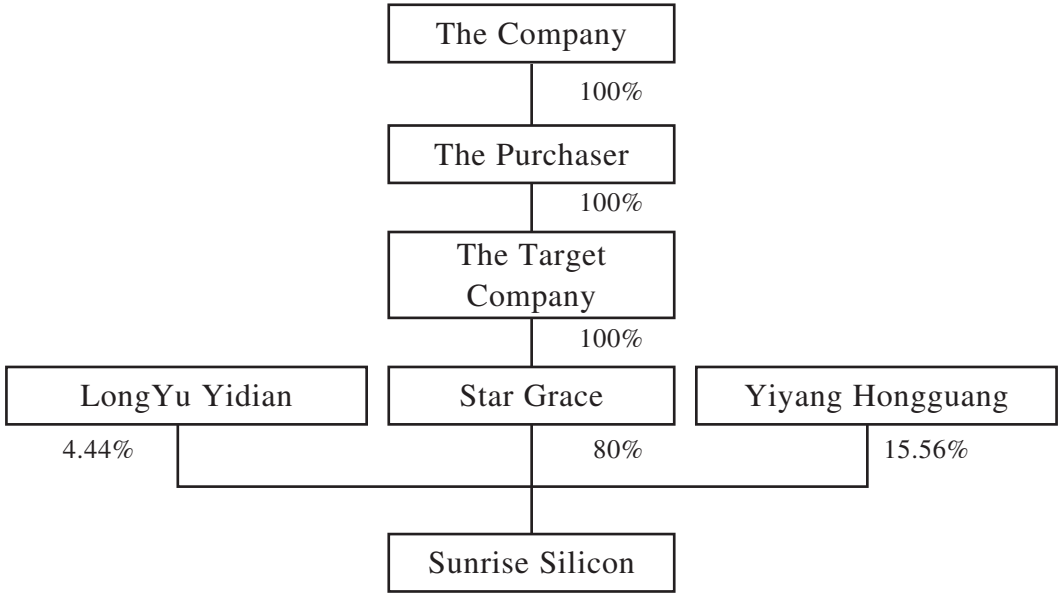
SHAREHOLDING STRUCTURE OF THE TARGET GROUP

Upon Completion, the Company will indirectly hold 80% Equity Interest in Sunrise Silicon, which will, in turn, hold the assets relating to the metallurgical silicon manufacturing business. Upon the completion of the Post-Completion Obligations, the Company will indirectly hold 90% Beneficial Interest in Sunrise Silicon. The shareholding structures of the Target Company (i) as at the date of this announcement; (ii) immediately upon Completion and (iii) upon the completion of the Post-Completion Obligations are as follows:

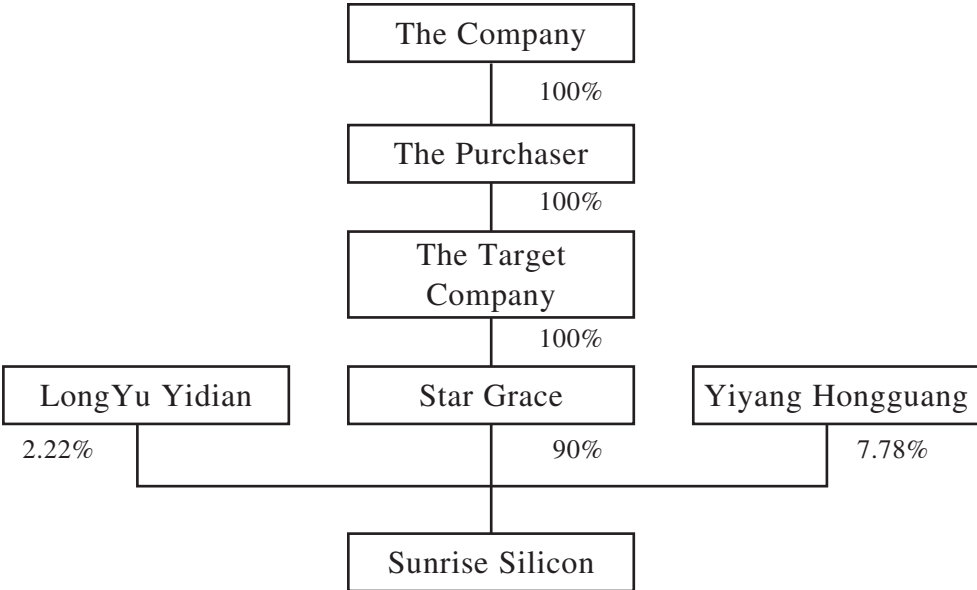
As at date of this announcement



Immediately upon Completion



Upon the completion of the Post-Completion Obligations



EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

For illustration purpose only, set out below is a summary of the shareholdings in the Company (i) as at the date of this announcement; (ii) immediately after the Completion; (iii) immediately after the issue of the maximum number of Conversion Shares upon full conversion of the Convertible Notes at the initial Conversion Price of HK\$0.08; and (iv) immediately after the issue of the Conversion Shares upon conversion of the Convertible Notes at initial Conversion Price of HK\$0.08, while Mr. Wong, Mr. Cheung and their associate and parties acting in concert with them do not hold more than 29.9% of the share capital of the Company, assuming all Convertible Notes will be converted by Mr. Wong only.

Shareholder	As at date of this announcement		Immediately after the Completion of the Proposed Acquisition		Immediately after the issue of the maximum number of Conversion Shares upon full conversion of the Convertible Notes at initial Conversion price of HK\$0.08 (Note 6)		Immediately after the issue of of the Conversion Shares upon conversion of the Convertible Notes at initial Conversion Price of HK\$0.08, while Mr. Wong, Mr Cheung and their associate and parties acting in concert with them do not hold more than 29.9% of the share capital of the Company, assuming all Convertible Notes will be converted by Mr. Wong only (Note 6)	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Wide Fine International Limited (Note 1)	248,125,000	9.46	248,125,000	9.46	248,125,000	3.89	248,125,000	8.83
View Good International Limited (Note 2)	406,000,000	15.47	406,000,000	15.47	406,000,000	6.37	406,000,000	14.45
Wide Fine (Asia) (Note 3)	-	-	-	-	3,125,000,000	49.03	186,069,265	6.62
Subtotal	654,125,000	24.93	654,125,000	24.93	3,779,125,000	59.29	840,194,265	29.90
Gain Concept (Note 4)	-	-	-	-	625,000,000	9.81	-	-
Subtotal	654,125,000	24.93	654,125,000	24.93	4,404,125,000	69.10	840,194,265	29.90
Nicky International Limited (Note 5)	216,000,000	8.23	216,000,000	8.23	216,000,000	3.39	216,000,000	7.69
Leung Wa	6,000,000	0.23	6,000,000	0.23	6,000,000	0.09	6,000,000	0.21
Public	1,747,820,000	66.61	1,747,820,000	66.61	1,747,820,000	27.42	1,747,820,000	62.20
Total	2,623,945,000	100.00	2,623,945,000	100.00	6,373,945,000	100.00	2,810,014,265	100.00

Notes:

1. Wide Fine International Limited is beneficially and wholly owned by Mr. Wong Kam Leong, an executive Director.
2. View Good International Limited is beneficially and wholly owned by Ms. Tam Sio Wan, the wife of Mr. Wong Kam Leong, an executive Director.
3. Wide Fine (Asia) is beneficially and wholly owned by Mr. Wong Kam Leong, an executive Director.
4. Gain Concept is beneficially and wholly owned by Mr. Cheung, an Independent Third Party.
5. Nicky International Limited is beneficially and wholly owned by Mr. Chen Jianqiu and Mr. Leung Wa in equal shares.
6. The shareholding structure is shown for illustration purpose only and may not be exclusive. Pursuant to the Sale and Purchase Agreement and the terms of the Convertible Notes, the noteholder(s) has/have the right to convert the whole or part of the outstanding principal amount of the Convertible Notes at any time commencing on the Business Day after the date of issuance of the Convertible Note but before the maturity date, provided that the Convertible Notes may not be converted if such conversion would result in (i) the Company's non-compliance with the public float requirement stipulated under Rule 11.23 of the GEM Listing Rules; or (ii) such noteholder(s), its associates and parties acting in concert with it, taken together, directly and indirectly or being interested in 29.9% or more of the voting rights of the Company (or such other percentage may from time to time be specified in the Takeovers Code being the level for triggering a mandatory general offer); or (iii) the noteholder(s) and other substantial Shareholder(s) of the Company (if any), being presumed to be parties acting in concert with each other under the Takeovers Code by virtue of their then respective shareholdings in the Company.

REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION

In view of the PRC government's strong support for industries related to environmental protection, the stable growth of the PRC's domestic consumption, the Group is optimistic on the long-term prospect of the environmental related businesses. The Group is currently engaged in recycled paper manufacturing, biodegradable materials manufacturing business in the PRC as its main focus is on environmental protection related businesses.

The Proposed Acquisition is in line with the Group's business plan to engage in the environment protection industry. Sunrise Silicon is principally engaged in the business of manufacturing metallurgical silicon in the PRC and its operation includes production, sales and development of metallurgical silicon. Metallurgical silicon is the fundamental raw material for the production of solar cells, modules and systems that convert energy from sunlight into electricity. This shares the same business nature as that of the Group in focusing on environmental protection related businesses.

In addition, the management team of the Company is experienced in the restructuring and re-engineering of non-profitable business. Over the past few years, the Company has been successful in assisting the companies with financial and operational defects to achieve business growth and enhance the profitability. A salient example is the acquisition of recycled paper manufacturing assets in 2009, in which the Company had successfully restructured and re-engineered the non-profitable revenue-generating assets to obtain moderate profits amidst the unfavorable business conditions and the meltdown of the world financial market.

The Company expects that the new silicon business of the Target Group may become a major profit driver for the Group in the coming years. In the meantime, it is expected that considerable Shareholders' value could be created through the sustainable corporate development.

The Directors therefore consider that the Proposed Acquisition represents an attractive investment opportunity of the Group as it will provide the Group with an additional income source and an opportunity to diversify the business and hence the risk of the Group. The Directors believe that the Proposed Acquisition would further enhance the growth of the Group and maximize returns to the Shareholders.

The Directors (excluding the three non-executive Directors who will express their view after receiving advice from the independent financial advisor) hold the view that the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the Proposed Acquisition is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the relevant percentage ratios applicable to the Company exceeds 100%, the Proposed Acquisition constitute a very substantial acquisition for the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting, announcement, and Independent Shareholders' approval requirements.

As at the date of this announcement, Mr. Wong, an executive Director and chairman of the Board who is beneficially interested in an aggregate of 654,125,000 Shares (representing approximately 24.93% of the entire issued share capital of the Company) is the holder of 100% shareholding in Wine Fine (Asia), which owns 51% shareholding of the Target Company. Accordingly, the Proposed Acquisition constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements.

In view of Mr. Wong's capacity as the beneficial owner of one of the Vendors and a connected person of the Company, Mr. Wong is considered to have material interest in the Proposed Acquisition. Accordingly, Mr. Wong and his associates will abstain from voting in respect of the resolution(s) approving the Sale and Purchase Agreement and

the transactions contemplated thereunder at the SGM. Since Mr. Wong has material interest in the Proposed Acquisition, Mr. Wong has abstained from voting at the board meeting for approving the Proposed Acquisition.

As aforesaid, the SGM will be held for the Independent Shareholders to consider and, if thought fit, approve the resolution(s) in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder.

GENERAL

The Independent Board Committee comprising of three independent non-executive Directors, namely Mr. Ng Kwok Chu, Winfield, Mr. Ng Chau Tung and Robert, Mr. Tse Ching Leung, has been appointed to advise the Independent Shareholders in respect of the Proposed Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder.

Further announcement(s) (if applicable) will be made in respect of the Proposed Acquisition to keep the Shareholders and the investing public informed.

A circular containing, among other things, (i) further information on the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the unaudited pro forma financial information of the Enlarged Group; (iii) the accountants' report on each member of the Target Group; (iv) reports on the valuation on the Target Group; (v) the recommendation of the Independent Board Committee; (vi) the advice from independent financial adviser regarding the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder; (vii) notice of the SGM; and (viii) certain risk factors in relation to the Proposed Acquisition, is expected to be despatched to the Shareholders on or before 15 April 2012, taking into account of the timing required for the preparation of the abovementioned accountants' report on each member of the Target Group and the reports on the valuation on the Target Group in accordance with the GEM Listing Rules.

Completion is subject to the satisfaction and/or waiver of the conditions precedent in the Sale and Purchase Agreement and therefore, may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been suspended from 9:00 a.m. on 14 October 2011 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading of the Shares from 1:30 p.m. on 13 December 2011.

DEFINITIONS

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

“associate(s)”	has the meaning as defined in the GEM Listing Rules
“Beneficial Interest”	the beneficial ownership of the shareholding interest in Sunrise Silicon after full settlement of the consideration pursuant to the Shareholding Transfer and Capital Injection Agreement and the relevant agreement concerning the 28.89% Acquisition
“Board”	the board of Directors from time to time
“Business Day”	any day (not being a Saturday, Sunday or days on which a typhoon signal No.8 or above or black rainstorm warning is hosted in Hong Kong at 10:00 a.m.) on which licensed banks are generally open for business in Hong Kong;
“BVI”	British Virgin Islands
“Company”	Long Success International (Holdings) Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on GEM (stock code: 8017)
“Completion”	completion of the Proposed Acquisition in accordance with the terms and conditions as contemplated in the Sale and Purchase Agreement
“Completion Date”	the 14th Business Day after all the conditions precedent under the Sale and Purchase Agreement have been satisfied or waived (as the case may be) (or such other time and/or date as the parties of the Sale and Purchase Agreement may mutually agree in writing)
“connected person(s)”	has the meaning as defined in the GEM Listing Rules and the word “connected” shall be construed accordingly
“Consideration”	the consideration of HK\$780,000,000 payable by the Purchaser to the Vendors for the Proposed Acquisition pursuant to the Sale and Purchase Agreement

“Convertible Notes”	the convertible notes to be issued by the Company to the Vendors (or any other person nominated by the Vendors) as part payment of the Consideration
“Conversion Price”	the initial conversion price of HK\$0.08 per Conversion Share (subject to adjustment)
“Conversion Share(s)”	the new Shares to be allotted and issued upon the conversion of the Convertible Notes at an initial Conversion Price of HK\$0.08 per Conversion Share
“Core Product 421”	metallurgical silicon 421, the core product of Sunrise Silicon
“Director(s)”	the director(s) of the Company from time to time
“Enlarged Group”	the Group as enlarged by the Proposed Acquisition
“Equity Interest”	the legal ownership of the shareholding interest in Sunrise Silicon as reflected in the share registration of Sunrise Silicon
“First Payment Date”	4 months from the signing of Sale and Purchase Agreement or such later date as shall be mutually agreed by the parties to the Sale and Purchase Agreement in writing
“Former Sunrise Silicon Shareholders”	Tai Feng Gong Mao Company Limited* (栾川縣泰峰工貿有限公司), Mr. Ma Jian Jun* (馬建軍) and Mr. Chen Jian Zhuang* (陳建庄) who previously owned as to 15%, 15% and 7.143% shareholdings in Sunrise Silicon respectively
“Gain Concept”	Gain Concept Industries Limited, a company incorporated in Hong Kong with limited liability and the holder of 49% equity interest in the Target Company
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	an independent board committee of the Company comprising three independent non-executive Directors namely Mr. Ng Kwok Chu, Winfield, Mr. Ng Chau Tung, Robert and Mr. Tse Ching Leung, established for the purpose of advising the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than Mr. Wong and his respective associates who are required under the GEM Listing Rules to abstain from voting on the resolutions to be proposed at the SGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder
“Independent Third Party(ies)”	independent third party(ies) who is/are, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, independent of and not connected with the Company and the connected persons of the Company as defined under the GEM Listing Rules
“Last Trading Day”	13 October 2011, being the date of the Sale and Purchase Agreement
“Letter of Intent”	the letter of intent dated 1 June 2011 together with the supplemental letter dated 8 October 2011 entered into between Star Grace, Sunrise Silicon, LongYu Yidian, Yiyang Hongguang and the Former Sunrise Silicon Shareholders
“Long Stop Date”	15 October 2012 or such later date as shall be mutually agreed by the parties to the Sale and Purchase Agreement in writing
“LongYu Yidian”	Luoyang LongYu Yidian Company Limited* (洛陽龍羽宜電有限公司), a company established under the laws of the PRC with limited liability and the beneficial owner of 33.33% shareholdings of Sunrise Silicon as at the date of this announcement
“LongYu Yidian Shareholders”	Luoyang LongYu Group* (洛陽龍羽集團有限公司), Luoyang LongYu Shengyang Investment Company*(洛陽龍羽聖揚投資有限公司) and Treasure Power Investment Limited (寶鉅投資有限公司*) who owned as to 43%, 12% and 30% shareholdings in LongYu Yidian respectively

“Mr. Cheung”	Mr. Cheung Kam Kuen Elvis, an Independent Third Party and the beneficial owner of 100% shareholdings of Gain Concept
“Mr. Wong”	Mr. Wong Kam Leong, an executive Director and chairman of Board of the Company, is the beneficial owner of an aggregate of 654,125,000 Shares and the ultimate beneficial owner of 100% shareholdings of Wide Fine (Asia)
“Post-Completion Obligations”	the post-Completion obligations pursuant to the Sale and Purchase Agreement as described above under the section headed “Post-Completion Obligations” in this announcement
“PRC”	The People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Preliminary Valuation”	the preliminary valuation on the entire business enterprise value of Sunrise Silicon as at 30 September 2011 by the Valuer
“Profit Guarantee Agreement”	the agreement dated 30 August 2011 together with the supplemental agreement dated 8 October 2011 entered into between Star Grace, LongYu Yidian, Yiyang Hongguang and the then shareholders of LongYu Yidian concerning the profit guarantee provided to Star Grace by LongYu Yidian
“Promissory Notes”	the promissory note(s) in the aggregate principal amount of HK\$480,000,000 (or in the amount as the parties to the Sale and Purchase Agreement may mutually agree in writing) with 24 months maturity from the date of its issue without interest, which shall be issued by the Company in favour of the Vendors in satisfaction of part of the Consideration.
“Proposed Acquisition”	the proposed acquisition of the Sale Shares of the Target Company by the Purchaser from the Vendors pursuant to Sale and Purchase Agreement thereto

“Purchaser”	Xu Sheng Holdings Limited a company incorporated in the BVI with limited liability and wholly owned by the Company, being the purchaser of the Proposed Acquisition under the Sale and Purchase Agreement
“Sale and Purchase Agreement”	the sale and purchase agreement dated 13 October 2011 as supplemented and amended by a supplemental agreement dated 12 December 2011 entered into between the Purchaser and the Vendors in relation to the Proposed Acquisition
“Sale Shares”	the entire issued share capital of the Target Company
“Second Payment Date”	2 months after the Completion Date or such later date as shall be mutually agreed by the parties to the Sale and Purchase Agreement in writing
“Share(s)”	ordinary shares(s) of HK\$0.04 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Shares from time to time
“Shareholding Transfer and Registered Capital Injection Agreement”	the agreement dated 30 August 2011 together with the supplemental agreement dated 8 October 2011 entered into between Star Grace, LongYu Yidian, Yiyang Hongguang and the Former Sunrise Silicon Shareholders concerning the transfer of shareholding of and injection of registered capital into Sunrise Silicon
“SGM”	the special general meeting of the Company to be convened for the Independent Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Star Grace”	Star Grace International Limited, a company incorporated in Hong Kong with limited liability, the entire issued share capital of which is beneficially owned by the Target Company, and as at the date of this announcement, owns 51.11% Equity Interest in Sunrise Silicon

“Sunrise Silicon”	Henan Sunrise Silicon Technology Development Company Limited* (河南昇揚硅業科技發展有限公司), a company established under the laws of the PRC, is principally engaged in the business of manufacturing metallurgical silicon in the PRC and its operation includes, production, sales and development of metallurgical silicon
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers and Share Repurchases
“Target Company”	Fame Shine Holdings Limited, a company incorporated in the BVI with limited liability, the shares of which are wholly-owned by the Vendors as to 51% by Wide Fine (Asia) and 49% by Gain Concept
“Target Group”	the Target Company, Star Grace and Sunrise Silicon, collectively
“Valuer”	LCH (Asia-Pacific) Surveyors Limited, an independent valuer
“Vendors”	Wide Fine (Asia) and Gain Concept, collectively
“Wide Fine (Asia)”	Wide Fine (Asia) Development Limited, a company incorporated in Hong Kong with limited liability and the holder of 51% equity interest in the Target Company
“Yiyang Hongguang”	Yiyang Hongguang Company Limited* (宜陽虹光工貿中心), a company established under the laws of the PRC with limited liability and as at the date of this announcement, is the beneficial owner of 15.56% shareholdings of Sunrise Silicon
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“RMB”	Reminbi, the lawful currency of the PRC
“%”	per cent.

“28.89% Acquisition ”

Star Grace shall acquire 28.89% Beneficial Interest in Sunrise Silicon from LongYu Yidian at a consideration of RMB52,000,000 (equivalent to HK\$63,440,000) within 1 year after the registered capital of Sunrise Silicon be increased to RMB180,000,000 (equivalent to approximately HK\$219,600,000) pursuant to the Letter of Intent

Note: An exchange rate of RMB1.00 to HK\$1.22 has been used for the conversion of RMB into HK\$ for the purpose of this announcement. This is for illustration purpose only and does not constitute a representation that any amounts in RMB and HK\$ have been, could have been, or may be converted, at these or such other rates.

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

Hong Kong, 13 December 2011

As at the date hereof, the Board comprises of 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 of the Company 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 at www.hkgem.com for at least 7 days from the date of its posting and on the Company website at www.long-success.com.