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LONG SUCCESS INTERNATIONAL (HOLDINGS) LIMITED

百齡國際（控股）有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 8017)

PROPOSED SHARE CONSOLIDATION, CAPITAL REDUCTION AND CAPITAL INCREASE

Financial advisor to the Company



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

PROPOSED SHARE CONSOLIDATION

The Company proposes to implement the Share Consolidation of every twenty (20) issued and unissued Shares of HK\$0.04 each in the share capital of the Company into one (1) Consolidated Share of HK\$0.80.

PROPOSED CAPITAL REDUCTION

Upon the Share Consolidation becoming effective, the Company proposes to implement the Capital Reduction involving (i) the reduction of the issued share capital of the Company by cancelling the paid-up capital of the Company to the extent of HK\$0.79 on each of the then issued Consolidated Shares such that the par value of each of the issued Consolidated Shares be reduced from HK\$0.80 to HK\$0.01; and (ii) the reduction of the authorised share capital of the Company by reducing the par value of all Consolidated Shares from HK\$0.80 each to HK\$0.01 each resulting in the reduction of the authorised share capital of the Company from HK\$300,000,000 divided into 375,000,000 Consolidated Shares of HK\$0.80 each to HK\$3,750,000 divided into 375,000,000 New Shares of HK\$0.01 each.

PROPOSED CAPITAL INCREASE

Upon the Share Consolidation and Capital Reduction becoming effective, the Company proposes to implement the Capital Increase involving the increase of the authorized share capital of the Company from HK\$3,750,000 divided into 375,000,000 New Shares of HK\$0.01 each to HK\$300,000,000 divided into 30,000,000,000 New Shares of HK\$0.01 each.

GENERAL

The Circular setting out, among other things, (i) further details on the Share Consolidation, Capital Reduction and Capital Increase; and (ii) a notice of the SGM, will be despatched to the Shareholders on 10 February 2012.

PROPOSED SHARE CONSOLIDATION

The Company proposes to implement the Share Consolidation of every twenty (20) issued and unissued Shares of HK\$0.04 each in the share capital of the Company into one (1) Consolidated Share of HK\$0.80. The Share Consolidation will become effective upon the fulfillment of the conditions set out in the paragraph headed “Conditions of the Share Consolidation, Capital Reduction and Capital Increase” below.

PROPOSED CAPITAL REDUCTION

Upon the Share Consolidation becoming effective, the Company proposes to implement the Capital Reduction involving (i) the reduction of the issued share capital of the Company by cancelling the paid-up capital of the Company to the extent of HK\$0.79 on each of the then issued Consolidated Shares such that the par value of each of the issued Consolidated Shares be reduced from HK\$0.80 to HK\$0.01; and (ii) the reduction of the authorised share capital of the Company by reducing the par value of all Consolidated Shares from HK\$0.80 each to HK\$0.01 each resulting in the reduction of the authorised share capital of the Company from HK\$300,000,000 divided into 375,000,000 Consolidated Shares of HK\$0.80 each to HK\$3,750,000 divided into 375,000,000 New Shares of HK\$0.01 each.

The Capital Reduction will become effective upon the fulfillment of the conditions set out in the paragraph headed “Conditions of the Share Consolidation, Capital Reduction and Capital Increase” below.

PROPOSED CAPITAL INCREASE

Upon the Share Consolidation and Capital Reduction becoming effective, the Company proposes to implement the Capital Increase involving the increase of the authorized share capital of the Company from HK\$3,750,000 divided into 375,000,000 New Shares of HK\$0.01 each to HK\$300,000,000 divided into 30,000,000,000 New Shares of HK\$0.01 each.

The Capital Increase will become effective upon the fulfillment of the conditions set out in the paragraph headed “Conditions of the Share Consolidation, Capital Reduction and Capital Increase” below.

EFFECT OF THE SHARE CONSOLIDATION, CAPITAL REDUCTION AND CAPITAL INCREASE

As at the date of this announcement, the authorised share capital of the Company is HK\$300,000,000 divided into 7,500,000,000 Shares of HK\$0.04 each, of which 2,623,945,000 Shares have been issued and are fully paid. Upon the Share Consolidation, Capital Reduction and Capital Increase becoming effective, the authorised share capital of the Company will be HK\$300,000,000 divided into 30,000,000,000 New Shares of HK\$0.01 each, of which 131,197,250 whole New Shares of HK\$0.01 each will be in issue (assuming that no further Shares are issued or repurchased by the Company from the date of this announcement to the effective date of the Share Consolidation, Capital Reduction and Capital Increase).

Fractional New Shares will not be allocated to the Shareholders but will be aggregated and, if possible, sold for the benefit of the Company. The New Shares will rank *pari passu* in all respects with each other and the Share Consolidation, Capital Reduction and Capital Increase will not result in any change in the relative rights or proportionate interests of the Shareholders.

On the assumption that no further Shares will be issued or repurchased by the Company after the date of this announcement, the total issued share capital of the Company immediately before the Share Consolidation, Capital Reduction and Capital Increase becoming effective will be approximately HK\$104,957,800.00. A credit amount of approximately HK\$103,645,827.50 will arise as a result of the Capital Reduction. Such credit amount will be transferred to the contributed surplus account of the Company and then the necessary amount of credit balance in the contributed surplus account will then be applied by the Directors to set off against the total accumulated losses of the Company. The accumulated losses of the Company were approximately HK\$147,422,000 as shown in the audited financial statements of the Company for the year ended 31 March 2011.

The board lot size for trading of the New Shares on the Stock Exchange will remain unchanged at 10,000 New Shares upon the Share Consolidation, Capital Reduction and Capital Increase becoming effective.

Implementation of the Share Consolidation, Capital Reduction and Capital Increase will not, of itself, alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the Shareholders, except for the payment of the related expenses. The Directors believe that the Share Consolidation, Capital Reduction and Capital Increase will not have any adverse effect on the financial position of the Company and its subsidiaries and the Directors believe that on the date the Share Consolidation, Capital Reduction and Capital Increase are to be effected, there are no reasonable grounds for believing that the Company is, or after the Share Consolidation, Capital Reduction and Capital Increase would be, unable to pay its liabilities as they become due. No capital will be lost as a result of the Share Consolidation, Capital Reduction and Capital Increase and, except for the

expenses involved in relation to the Share Consolidation, Capital Reduction and Capital Increase which is expected to be insignificant in the context of the net asset value of the Company, the net asset value of the Company will remain unchanged before and after the Share Consolidation, Capital Reduction and Capital Increase becoming effective. The Share Consolidation, Capital Reduction and Capital Increase does not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any paid up capital of the Company. The Share Consolidation, Capital Reduction and Capital Increase will not result in any change in the relative rights of the Shareholders.

Assuming there will be no change in the issued share capital of the Company from the date of this announcement up to the date on which the Share Consolidation, Capital Reduction and Capital Increase become effective, the share capital structure of the Company will be as follows:

	As at the date of this announcement	Immediately after the Share Consolidation, Capital Reduction and Capital Increase becoming effective
Amount of authorised share capital	HK\$300,000,000.00	HK\$300,000,000.00
Par value	HK\$0.04 per Share	HK\$0.01 per New Share
Number of authorised shares	7,500,000,000 Shares	30,000,000,000 New Shares
Amount of issued share capital	HK\$104,957,800.00	HK\$1,311,972.50
Number of issued shares	2,623,945,000 Shares	131,197,250 New Shares
Amount of unissued share capital	HK\$195,042,200.00	HK\$298,688,027.50
Number of unissued shares	4,876,055,000 Shares	29,868,802,750 New Shares

The resulting New Shares of par value of HK\$0.01 each will rank *pari passu* in all respects with each other in accordance with the Company's Bye-Laws.

REASON FOR THE SHARE CONSOLIDATION, CAPITAL REDUCTION AND CAPITAL INCREASE

The proposed Share Consolidation, Capital Reduction and Capital Increase will (i) increase the trading price per board lot and hence reduce the overall transaction and handling costs for dealing in the New Shares; (ii) give greater flexibility to the Company to raise funds through the issue of New Shares in the future; and (iii) eliminate the Company's accumulated loss and hence allow greater flexibility for the Company to pay dividends as and when the Directors consider it appropriate in the future.

As such, the Directors (including the independent non-executive Directors) are of the view that the Share Consolidation, Capital Reduction and Capital Increase are in the interests of the Company and the Shareholders as a whole.

At this stage, there can be no assurance that a dividend will be declared or paid in future even if the Share Consolidation, Capital Reduction and Capital Increase becomes effective.

CONDITIONS OF THE SHARE CONSOLIDATION, CAPITAL REDUCTION AND CAPITAL INCREASE

The Share Consolidation, Capital Reduction and Capital Increase are conditional upon the fulfillment of the following conditions:

- (i) the passing by Shareholders of a special resolution at the SGM by way of poll to approve the Share Consolidation, Capital Reduction and Capital Increase;
- (ii) the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares in issue and to be issued upon the Share Consolidation, Capital Reduction and Capital Increase becoming effective;
- (iii) the compliance with the relevant procedures and requirements under Bermuda law (where applicable) and the GEM Listing Rules to effect the Share Consolidation, Capital Reduction and Capital Increase; and
- (iv) the approval of the relevant regulatory authority, if required.

Subject to the fulfillment of the above conditions, it is expected that the Share Consolidation, Capital Reduction and Capital Increase will become effective on the next business day following the date of passing the relevant resolution(s) to approve the Share Consolidation, Capital Reduction and Capital Increase.

LISTING AND DEALINGS

Application will be made to the GEM Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the New Shares arising from the Share Consolidation, Capital Reduction and Capital Increase.

The New Shares will be identical in all respects and rank *pari passu* in all respects with each other as to all future dividends and distributions which are declared, made or paid. Subject to the granting of the listing of, and permission to deal in, the New Shares on Stock Exchange, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

No part of the securities of the Company is listed or dealt in on which listing or permission to deal is being or is proposed to be sought on other stock exchanges.

FREE EXCHANGE OF SHARE CERTIFICATES

Subject to the Share Consolidation, Capital Reduction and Capital Increase becoming effective, Shareholders may, from Tuesday, 6 March 2012 to Monday, 16 April 2012 (both dates inclusive), submit Existing Share Certificates for the Shares in board lot of 10,000 Shares, which is blue in color, to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong in exchange for the New Share Certificates for the New Shares, at the expense of the Company, which will be green in color. It is expected that the New Share Certificates will be available to the Shareholders for collection within 10 business days from the date of submission for the exchange. Thereafter, Existing Share Certificate for the Shares will be accepted for exchange only on payment of a fee of HK\$2.50 or such higher amount as may from time to time be allowed by the Stock Exchange for each Existing Share Certificate of the Shares cancelled or each New Share Certificate to be issued for the New Shares, whichever number of certificates cancelled/issued is higher, payable by the Shareholders to the Registrar of the Company.

Nevertheless, Existing Share Certificate for the Shares will continue to be good evidence of legal title and will be valid for dealings, trading and settlement purpose after the Share Consolidation, Capital Reduction and Capital Increase have become effective and may be exchanged for certificates for the New Shares at any time in accordance with the foregoing.

ARRANGEMENT ON ODD LOT TRADING

In order to facilitate the trading of odd lots of the New Shares, the Company will procure an arrangement with an agent to stand in the market to provide matching service for the odd lots of the New Shares on a best effort basis. Further details in respect of the odd lot arrangement will be set out in the Circular to be despatched to the Shareholders.

ADJUSTMENT TO SHARE OPTIONS, CONVERTIBLE NOTES, WARRANTS AND OPTIONS UNDER THE EQUITY LINE OF CREDIT

(i) Share Options

As at the date of this announcement, there are outstanding share options to subscribe for 225,200,507 Shares granted pursuant to the Share Option Scheme. The Share Consolidation may lead to adjustment to the exercise price and the number of New Shares which may fall to be issued upon exercise of outstanding options. The Company will appoint its auditors or independent financial advisor to review and confirm that the basis of such adjustments to the Share outstanding share options comply with Chapter 23 of the GEM Listing Rules and the supplementary guidance issued by the Stock Exchange on 5 September 2005 and are in accordance with the rules of the Share Option Scheme. Further announcement will be made if any adjustment is required to be made.

(ii) Convertible Notes

As at the date of this announcement, the aggregate number of Shares that may be issued as a result of an exercise of the conversion rights under the Convertible Notes is approximately 816,802,800 Shares. The Share Consolidation may lead to adjustment to the conversion price and the number of New Shares which may fall to be issued upon exercise of the conversion rights attaching to the Convertible Notes, such adjustment to be made in accordance with the terms of the Convertible Notes. Further announcement will be made if any adjustment is required to be made.

(iii) Warrants

As at the date of this announcement, the aggregate number of Shares that may be issued as a result of an exercise of the subscription rights under the outstanding Warrants is 150,000,000 Shares. The Share Consolidation may lead to adjustment to the exercise price and the number of New Shares which may fall to be issued upon exercise of the exercise rights attaching to the Warrants, such adjustment to be made in accordance with the terms of the Warrants. Further announcement will be made if any adjustment is required to be made.

(iv) Options under the Equity Line of Credit

As at the date of this announcement, the aggregate number of Shares that may be issued as a result of an exercise of the options by the Company under the Equity Line of Credit is 1,000,000,000 Shares. The Share Consolidation may lead to adjustment to (i) the threshold price (the minimum subscription price) at which the options may be exercised for the subscription of New Shares; (ii) the subscription condition in relation to the trading price of the New Shares of the Company on the relevant tranche notice date; and (iii) the number of New Shares which may fall to be issued upon exercise of the options under the Equity Line of Credit, such adjustment of which shall be made in accordance with the terms of the Equity Line of Credit Agreement. Further announcement will be made if any adjustment is required to be made.

Save for the aforesaid, the Company has no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

The Company will appoint auditors or an independent financial adviser to certify the adjustments, if any, to the exercise price of the outstanding share options, the conversion price of the Convertible Notes, the subscription price of the outstanding Warrants and the options under the Equity Line of Credit and will inform the holder(s) of the outstanding share options, the CN Holders, the holder(s) of the outstanding Warrants and the party of the Equity Line of Credit Agreement of such adjustments, if any, accordingly.

EXPECTED TIMETABLE

Set out below is the proposed timetable for the implementation of the Share Consolidation, Capital Reduction and Capital Increase:

Despatch of the Circular regarding the Share Consolidation, Capital Reduction and Capital Increase	Friday, 10 February 2012
Latest date and time to return form of proxy for the SGM	11:00 a.m., Saturday, 3 March 2012
Date of the SGM	11:00 a.m., Monday, 5 March 2012
Publication of the SGM results announcement	Monday, 5 March 2012

The following event is conditional on the fulfillment of the conditions for the implementation of the Share Consolidation, Capital Reduction and Capital Increase, the dates are therefore tentative:

Effective date of the Share Consolidation, Capital Reduction and Capital Increase	9:00 a.m., Tuesday, 6 March 2012
Commencement of dealings in New Shares	9:00 a.m., Tuesday, 6 March 2012
Original counter for trading in Shares in board lots of 10,000 Shares (in the form of Existing Share Certificates) temporarily closes	9:00 a.m., Tuesday, 6 March 2012
Temporary counter for trading in New Shares in board lots of 500 New Shares (in the form of Existing Share Certificates) opens	9:00 a.m., Tuesday, 6 March 2012
First day of free exchange of Existing Share Certificates for the New Share Certificates	Tuesday, 6 March 2012
Original counter for trading in New Shares in board lots of 10,000 New Shares (in form of New Share Certificates) reopens	9:00 a.m., Tuesday, 20 March 2012
Parallel trading in New Shares (in the form of Existing Share Certificates and New Share Certificates) commences	9:00 a.m., Tuesday, 20 March 2012
First day of operation of odd lot trading facility	Tuesday, 20 March 2012

Temporary counter for trading in board lots of 500 New Shares (in the form of Existing Share Certificates) closes	4:00 p.m., Thursday, 12 April 2012
Parallel trading in New Shares (in the form of Existing Share Certificates and New Share Certificates) ends	4:00 p.m., Thursday, 12 April 2012
Last day of operation of odd lot trading facility	4:00 p.m., Thursday, 12 April 2012
Last day of free exchange of Existing Share Certificates for New Share Certificates	Monday, 16 April 2012

All times and dates in this announcement refer to Hong Kong local times and dates. Dates or deadlines specified in expected timetable above depends on the results of the SGM and are therefore for indicative purpose only. An announcement will be made regarding any changes to the expected timetable as and when appropriate.

GENERAL

The Circular setting out, among other things, (i) further details on the Share Consolidation, Capital Reduction and Capital Increase; and (ii) a notice of the SGM, will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of Directors
“Capital Increase”	the proposed increase of the authorized share capital of the Company from HK\$3,750,000 divided into 375,000,000 New Shares of HK\$0.01 each to HK\$300,000,000 divided into 30,000,000,000 New Shares of HK\$0.01 each
“Capital Reduction”	the proposed (i) the reduction of the issued share capital of the Company by cancelling the paid-up capital of the Company to the extent of HK\$0.79 on each of the then issued Consolidated Shares such that the par value of each of the issued Consolidated Shares be reduced from HK\$0.80 to HK\$0.01; and (ii) the reduction of the authorised share capital of the Company by reducing the par value of all Consolidated Shares from HK\$0.80 each to HK\$0.01 each resulting

	in the reduction of the authorised share capital of the Company from HK\$300,000,000 divided into 375,000,000 Consolidated Shares of HK\$0.80 each to HK\$3,750,000 divided into 375,000,000 New Shares of HK\$0.01 each
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the circular to be despatched to the Shareholders setting out, among other things, (i) further details on the Share Consolidation, Capital Reduction and Capital Increase; and (ii) a notice of the SGM
“CN Holder(s)”	holder(s) of the Convertible Notes
“Company”	Long Success International (Holdings) Limited, an exempted company incorporated in the Bermuda with limited liability and the issued Shares of which are listed on GEM (stock code: 8017)
“Consolidated Share(s)”	ordinary share(s) of HK\$0.80 each in the share capital of the Company upon the Share Consolidation becoming effective
“Convertible Notes”	convertible notes issued by the Company in the aggregate amount of RMB70,000,000 (equivalent to approximately HK\$81,680,280) commencing on 28 December 2011, being the issue of the convertible notes, of which all amounts are still outstanding
“Director(s)”	director(s) of the Company
“Equity Line of Credit”	the equity line of credit granted by Lyceum Partners LLC to the Company which shall be accessed, at the option of the Company, by the exercise of the option during the commitment period in accordance with the terms of the Equity Line of Credit Agreement
“Equity Line of Credit Agreement”	the agreement entered into between the Company and Lyceum Partners LLC after trading hours on 9 September 2011 in relation to the Equity Line of Credit and the option as amended and supplemented by the First Supplemental Agreement dated 16 September 2011 and the Second Supplemental Agreement dated 27 September 2011

“Existing Share Certificate(s)”	certificates for the Shares in blue color.
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“New Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company upon the Share Consolidation and Capital Reduction becoming effective.
“New Share Certificate(s)”	certificates for the New Shares in green color.
“Registrar”	the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong
“SGM”	a special general meeting of the Company to be convened to consider and, if thought fit, passing the relevant resolutions to approve, among other things, the Share Consolidation, Capital Reduction and Capital Increase
“Share Consolidation”	the consolidation of every twenty (20) issued and unissued Shares of HK\$0.04 each in the share capital of the Company into one Consolidated Share of HK\$0.80.
“Share Option Scheme”	the share option scheme of the Company adopted on 23 August 2010
“Shareholders”	the holder(s) of issued Shares, Consolidated Shares or New Shares (as the case may be)

“Shares”	ordinary share(s) of HK\$0.04 each in the share capital of the Company and to the extent applicable, shall include Consolidated Share(s) and New Share(s) upon the Share Consolidation, Capital Reduction and Capital Increase becoming effective
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Warrant(s)”	unlisted warrants of the Company in registered form conferring rights entitling the registered holder(s) thereof to subscribe for up to HK\$22,500,000 in aggregate in cash for 150,000,000 new Shares at the subscription price, being HK\$0.15 (subject to adjustment) to be issued by the Company pursuant to the placing of warrants

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

Hong Kong, 27 January 2012

As at the date hereof, the Board comprises of five executive Directors, namely Mr. Wong Kam Leong, Mr. Wu Shaohong, Mr. Hu Dongguang, Mr. Wu Bingxiang and Dr. Guo Wanda and four independent non-executive Directors namely Mr. Ng Kwok Chu, Winfield, Mr. Ng Chau Tung, Robert, Mr. Tse Ching Leung and Mr. Wang Qingyi.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, 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 Growth Enterprise Market 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.

* *for identification purpose only*