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*This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any Shares in 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)

### **PROPOSED ISSUE OF CONVERTIBLE BONDS AND UNUSUAL PRICE MOVEMENT**

#### **THE SUBSCRIPTION AGREEMENT**

On 3 April 2012 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which, the Subscriber has conditionally agreed to subscribe for the Convertible Bonds in the principal amount of HK\$100,000,000 due three years from the Closing Date with the right to convert the Convertible Bonds into a maximum of 485,242,666 Conversion Shares at the Conversion Price of HK\$0.30 (subject to adjustments) per Conversion Share.

Assuming full conversion of the Convertible Bonds and all the accrued but unpaid interest of the Convertible Bonds are converted at the Conversion Price, a maximum of 485,242,666 Conversion Shares will be issued by the Company, representing (i) approximately 308.68% of the Company's existing total issued share capital of the Company of 157,197,250 Shares as at the date of the Subscription Agreement; and (ii) approximately 75.53% of the Company's total issued share capital as enlarged by the issue of the Conversion Shares of 642,439,916 Shares upon full conversion of the Convertible Bonds.

The estimated net proceeds from the issue of the Convertible Bonds (after deduction of all related expenses) of approximately HK\$98,000,000 will be used to redeem the Convertible Notes issued by the Company on 28 December 2010 and the remaining amount will be used as the general working capital of the Group.

## **UNUSUAL PRICE MOVEMENT**

This statement is made at the request of the Stock Exchange, the Board has noted the recent decrease in the price of the Shares and wishes to state that, save and except as disclosed in this announcement, the Board is not aware of any reasons for such movement.

Save and except as disclosed in this announcement, the Board confirms that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under Chapters 19 and 20 of the GEM Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 17.10 of the GEM Listing Rules, which is or may be of a price-sensitive nature.

## **GENERAL**

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

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

**Shareholders and potential investors should note that completion of the Subscription is subject to the fulfillment of the conditions precedent set out below in the section headed “THE SUBSCRIPTION AGREEMENT”. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares, and if they are in doubt about their position, they should consult their professional advisers.**

## **THE SUBSCRIPTION AGREEMENT**

**Date:** 3 April 2012 (after trading hours)

**Issuer:** The Company

**Subscriber:** Sincere Reach Global Investments Ltd.

The Subscriber is a company incorporated in the British Virgin Islands with limited liability. The Subscriber is principally engaged in the business of investment holding.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Subscriber and its ultimate beneficial owners are third parties independent of and not connected with the Company and the connected persons of the Company (as defined in the GEM Listing Rules).

## **Subscription**

The Subscriber has conditionally agreed to subscribe for the Convertible Bonds in the principal amount of HK\$100,000,000 due three years from the Closing Date with the right to convert the Convertible Bonds into a maximum of 485,242,666 Conversion Shares at the Conversion Price of HK\$0.30 (subject to adjustments) per Conversion Share.

### **Principal terms of the Subscription**

Principal amount:	HK\$100,000,000.
Denomination:	In denominations and integral amounts of HK\$1,000,000.
Issue price:	The Convertible Bonds will be issued at 100% of the principal amount.
Interest:	<p>13% per annum accrued on a day to day basis on the outstanding principal amount of the Convertible Bonds, payable annually in arrears by the Company each twelve months from the Closing Date and the unpaid interest (if any) shall be paid by the Company on the Maturity Date upon the redemption and conversion of the Convertible Bonds, default in the payment of interest will be subject to the default interest rate of 16% per annum.</p> <p>The Bondholders have the right, on the Maturity Date, to convert the accrued but unpaid interest into the Conversion Shares at the Conversion Price.</p>
Maturity Date:	The date which is three years from the Closing Date.
Conversion Right:	Provided that any conversion of the Convertible Bonds (i) will not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Bondholder, who has exercised its Conversion Rights, and parties acting in concert with it (as defined under the Takeovers Code); (ii) will not cause the public float of the Company to be unable to meet the relevant requirements under the GEM Listing Rules; and (iii) will be in compliance with all applicable laws and regulations, including but not limited to the Takeovers Code and the GEM Listing Rules, the Convertible Bonds are convertible in whole or in part of their principal amount (if any, together with the accrued but unpaid interest) at the option of the Bondholders into Conversion Shares at the Conversion Price at any time during the Conversion Period.

Conversion Period: The period commencing at any time from the Closing Date up to 4:00 p.m. (Hong Kong time) on the Maturity Date, both dates inclusive.

Conversion Price: At HK\$0.30 per Conversion Share, subject to adjustments as set out and in accordance with the terms and conditions of the Convertible Bonds.

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

- (i) a premium of approximately 55.44% over the closing price of HK\$0.193 per Share as quoted on the Stock Exchange on 3 April 2012, being the date of the Subscription Agreement;
- (ii) a premium of approximately 20.00% over the average closing price of HK\$0.250 per Share as quoted on the Stock Exchange for the last five trading days up to and including 3 April 2012;
- (iii) a premium of approximately 6.38% over the average closing price of HK\$0.282 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 3 April 2012;

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

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

- (a) any alteration to the nominal value of the Shares as a result of consolidation or sub-division;
- (b) issue of Shares by way of capitalisation of profits or reserves (other than Shares issued in lieu of a cash dividend);

- (c) capital distribution (as defined in the instrument creating Convertible Bonds) to Shareholders;
- (d) right issue of Shares or options, warrants or other rights to subscribe for or purchase Shares at less than 80% of the then current market price per Share;
- (e) right issue of other securities of the Company (other than Shares or options, warrants or other rights to subscribe for or purchase Shares) at less than 80% of the then current market price per Share;
- (f) issue for cash of Shares or options, warrants or other rights to subscribe for or purchase Shares at less than 80% of the then current market price per Share;
- (g) issue for cash of any securities carrying rights of conversion into, or conversion or subscription for Shares to be issued by the Company upon conversion, conversion or subscription at a consideration per Share which is less than 80% of the then current market price per Share;
- (h) where there is any modification made to the rights of conversion, conversion or subscription attached to any such securities issued under sub-paragraph (g) above so that the consideration per Share is less than 80% of the then current market price per Share;
- (i) offer of securities in connection with which Shareholders generally (meaning for this purpose holders of at least 60% of the Shares outstanding at the time such offer is made) are entitled to participate in arrangement whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under sub-paragraph (d) or (e) above); and
- (j) if the Company determines that any adjustment should be made to the Conversion Price as a result of one or more events not referred to in sub-paragraphs (a) to (i) above, the Company shall request its auditors or other professional parties to determine what adjustment, if any, to the Conversion Price is fair and reasonable.

Conversion Shares:	<p>The number of Conversion Shares to be issued on exercise of the Conversion Right will be determined by dividing the principal amount (or, in the case of a conversion of part of the Convertible Bonds, the principal amount thereof being converted), together with accrued but unpaid interest up to that date (if any), by the Conversion Price in effect on the date of conversion.</p> <p>Assuming full conversion of the Convertible Bonds and all the accrued but unpaid interest of the Convertible Bonds are converted at the Conversion Price, a maximum of 485,242,666 Conversion Shares will be issued by the Company, representing (i) approximately 308.68% of the Company's existing total issued share capital of the Company of 157,197,250 Shares as at the date of the Subscription Agreement; and (ii) approximately 75.53% of the Company's total issued share capital as enlarged by the issue of the Conversion Shares of 642,439,916 Shares upon full conversion of the Convertible Bonds.</p>
Redemption:	<p>The Convertible Bonds will be redeemed by the Company of their principal amount at the Maturity Date, together with accrued but unpaid interest to the relevant date fixed for such redemption.</p>
Early redemption:	<p>(1) Upon delisting or change of control of the Company</p> <p>Upon (i) the Shares cease to be listed or admitted to trading on the Stock Exchange; or (ii) trading in the Shares on the Stock Exchange has been suspended for a continuous period of 180 days or more; or (iii) the occurrence of a change of control of the Company, the Convertible Bonds may be redeemed at the option of the Bondholders in whole or in part of the Convertible Bonds at their principal amount at the date fixed for such redemption, together with accrued but unpaid interest up to the relevant date fixed for such redemption.</p>

(2) Upon occurrence of any events of default

Upon occurrence of any events of default as set out in the terms and conditions of the Convertible Bonds, the Convertible Bonds may be redeemed at the option of the Bondholders in whole or in part of the Convertible Bonds at their principal amount at the date fixed for such redemption, together with accrued but unpaid interest up to the relevant date fixed for such redemption.

Status of the Convertible Bonds:	The Convertible Bonds constitute general, unsecured and unsubordinated obligations of the Company and rank equally among themselves and <i>pari passu</i> with all other present and future unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable law.
Transferability:	<p>The Convertible Bonds are freely transferable in denominations of the principal amount of HK\$1,000,000.</p> <p>To the extent that it is aware, the Company will notify the Stock Exchange of any dealings in the Convertible Bonds by any connected person(s) of the Company.</p>
Ranking:	The Conversion Shares, when allotted and issued, will rank <i>pari passu</i> in all respects with all issued Shares on the date of the allotment and issue of the Conversion Shares
Listing:	<p>No application will be made by the Company for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.</p> <p>Application will be made by the Company to the GEM Listing Committee for the listing of and permission to deal in the Conversion Shares.</p>

## **Conditions precedent**

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

- (i) the GEM Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and the permission to deal in, all of the Conversion Shares to be allotted and issued upon exercise of the Conversion Rights attached to the Convertible Bonds to be issued at Completion;
- (ii) the passing by Shareholders at the SGM of the relevant resolution of the Company approving the Subscription Agreement and the transactions contemplated thereunder, including the Subscription and the issue of the Conversion Shares;
- (iii) the representations and warranties made by the Company in the Subscription Agreement shall be true, correct and complete when made, and shall be true, correct and complete in all material respects and not misleading in any material respect as of the date of the applicable Closing Date with the same force and effect as if they had been made on and as of such date;
- (iv) the representations and warranties made by the Subscriber in the Subscription Agreement shall be true, correct and complete when made, and shall be true, correct and complete in all material respects and not misleading in any material respect as of the date of the applicable Closing Date with the same force and effect as if they had been made on and as of such date; and
- (v) if necessary, all other necessary consent and approval for the Subscription having been obtained.

In the event that any of the above conditions are not fulfilled or otherwise waived on or before 4:00 p.m. (Hong Kong time) on 3 July 2012 or such later date as may be agreed between the Subscriber and the Company, the Subscription Agreement will lapse and become null and void and the parties shall be released from all obligations thereunder, save the liabilities for any antecedent breaches thereof.

## **Restriction on the use of proceeds**

Pursuant to the Subscription Agreement, the total amount of proceeds from the issue of the Convertible Bonds (after deduction of all necessary costs and expenses) is strictly restricted to be used for the redemption of the Convertible Notes issued by the Company on 28 December 2010. The remaining balance (if any) would be allowed to be used as general working capital of the Group.



## **Completion**

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

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

On 17 November 2011, the Company received the redemption notice from the noteholder of the Convertible Notes requesting for the redemption of the Convertible Notes at the total principal amount of RMB70,000,000 (equivalent to approximately HK\$81,680,280) (together with the accrued but unpaid interest) pursuant to the put option granted by the Company to the noteholder under the terms of the Convertible Notes issued by the Company dated 28 December 2010.

In view of the current financial position of the Group, the Group is unable to fully redeem the Convertible Notes through its internal resources. The Directors consider that the issue of the Convertible Bonds will provide the Company with additional funding to finance its obligations under the Convertible Notes without having an immediate dilution effect on the shareholding of the existing Shareholders. In addition, if the conversion rights attaching to the Convertible Bonds are exercised, the capital base of the Company shall also be broadened.

The estimated net proceeds from the issue of the Convertible Bonds (after deduction of all related expenses) of approximately HK\$98,000,000 (net conversion price of approximately HK\$0.20 per Conversion Share) will be used to redeem the Convertible Notes issued by the Company on 28 December 2010 and the remaining balance will be retained as the general working capital of the Group.

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

## **SPECIFIC MANDATE**

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

## CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

The table below summarises the shareholding structure of the Company (i) as at the date of this announcement; and (ii) upon full conversion of the Convertible Bonds and all the accrued but unpaid interest of the Convertible Bonds are converted at the Conversion Price of HK\$0.30, for illustration purpose only:

Shareholder	As at the date of this announcement		Upon full conversion of the Convertible Bonds and all the accrued but unpaid interest of the Convertible Bonds are converted at the Conversion Price of HK\$0.30 (Note 4)	
	Number of Shares	%	Number of Shares	%
Wide Fine International Limited (Note 1)	12,706,250	8.08	12,706,250	1.98
View Good International Limited (Note 2)	17,500,000	11.13	17,500,000	2.72
Subtotal	30,206,250	19.21	30,206,250	4.70
Nicky International Limited (Note 3)	10,800,000	6.87	10,800,000	1.68
Leung Wa Subscriber	300,000	0.19	300,000	0.05
Public	–	–	485,242,666	75.53
	115,891,000	73.73	115,891,000	18.04
Total	157,197,250	100.00	642,439,916	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. Nicky International Limited is beneficially and wholly owned by Mr. Chen Jianqiu and Mr. Leung Wa in equal shares.
4. Pursuant to the terms and conditions of the Convertible Bonds, any conversion of the Convertible Bonds (i) should not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Bondholder, who has exercised its Conversion Rights, and parties acting in concert with it (as defined under the Takeovers Code); (ii) should not cause the public float of the Company to be unable to meet the relevant requirements under the GEM Listing Rules; and (iii) should be in compliance with all applicable laws and regulations, including but not limited to the Takeovers Code and the GEM Listing Rules.

## **FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

Set out below are the equity fund raising activities conducted by the Company in the past twelve months immediately preceding the date of this announcement:

<b>Date of announcement</b>	<b>Event</b>	<b>Net proceeds raised</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds as at the date of this announcement</b>
12 January 2012	Subscription of new Shares	HK\$19,850,000	Financing the proposed acquisition of the entire issued share capital of Fame Shine Holdings Limited and/or as general working capital of the Company	Applied as general working capital of the Company

Save as and except for the above, the Company has not conducted any other equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

## **UNUSUAL PRICE MOVEMENT**

This statement is made at the request of the Stock Exchange, the Board has noted the recent decrease in the price of the Shares and wishes to state that, save and except as disclosed in this announcement, the Board is not aware of any reasons for such movement.

Save and except as disclosed in this announcement, the Board confirms that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under Chapters 19 and 20 of the GEM Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 17.10 of the GEM Listing Rules, which is or may be of a price-sensitive nature.

## **GENERAL**

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

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

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

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

## **DEFINITIONS**

“Board”	the board of Directors
“Bondholder(s)”	holder(s) of the Convertible Bonds
“Business Day”	any day (not being a Saturday or Sunday) on which licensed banks are generally open for business in Hong Kong
“Closing Date”	the date on which the Convertible Bonds are issued by the Company to the Subscriber under the Subscription Agreement
“Company”	Long Success International (Holdings) Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the GEM (stock code: 8017)
“connected person(s)”	has the same meaning ascribed to it under the GEM Listing Rules
“Conversion Period”	the period commencing at any time from the Closing Date after the issue of the Convertible Bonds up to 4:00 p.m. (Hong Kong time) on the Maturity Date, both dates inclusive
“Conversion Price”	At HK\$0.30 per Conversion Share, subject to adjustments as set out and in accordance with the terms and conditions of the Convertible Bonds

“Conversion Right(s)”	provided that any conversion of the Convertible Bonds (i) does not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Bondholder who has exercised its Conversion Rights and parties acting in concert (as defined under the Takeovers Code); (ii) will not cause the public float of the Company to be unable to meet the relevant requirements under the GEM Listing Rules; and (iii) will be in compliance with applicable laws and regulations including but not limited to the Takeovers Code and the GEM Listing Rules, the Convertible Bonds are convertible in whole or in part of their principal amount (if any, together with the accrued but unpaid interest) at the option of the Bondholders into Conversion Shares at the Conversion Price at any time during the Conversion Period
“Conversion Share(s)”	a maximum of 485,242,666 new Shares to be allotted and issued by the Company upon exercise of the conversion right attached to the Convertible Bonds
“Convertible Bond(s)”	the convertible bonds in the principal amount of HK\$100,000,000 that may be issued by the Company pursuant to the Subscription Agreement
“Convertible Notes”	the convertible notes in the principal amount of RMB70,000,000 (equivalent to approximately HK\$81,680,280) issued by the Company to Concept Capital Management Ltd. on 28 December 2010 pursuant to the subscription agreement and the supplement agreement dated 17 November 2010 and 3 December 2010, respectively
“Director(s)”	the director(s) of the Company
“GEM”	the Growth Enterprises Market of the Stock Exchange
“GEM Listing Committee”	the listing sub-committee of the board of the Stock Exchange with responsibility of GEM
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Maturity Date”	the date which is three years from the Closing Date
“PRC”	The People’s Republic of China
“SGM”	a special general meeting of the Company to be convened to consider and, if thought fit, passing the relevant resolution to approve the Subscription Agreement and the transaction contemplated thereunder, including the Subscription and the issue of the Conversion Shares
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Sincere Reach Global Investments Ltd, a company incorporated in the British Virgin Islands with limited liability
“Subscription”	the subscription of the Convertible Bonds by the Subscriber pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 3 April 2012 entered into between the Company and the Subscriber in respect of the Subscription
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent

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

Hong Kong, 3 April 2012

*As at the date of this announcement, the Board comprises 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 aspects 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](http://www.hkgem.com) for at least 7 days from the date of its publication and on the Company website at [www.long-success.com](http://www.long-success.com).*

*\* For identification purpose only*