
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Long Success International (Holdings) Limited (the “**Company**”), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser or the transferee.

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

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LONG SUCCESS INTERNATIONAL (HOLDINGS) LIMITED

百齡國際 (控股) 有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 8017)

- (1) PROPOSED ISSUE OF CONVERTIBLE BONDS;
(2) REFRESHMENT OF GENERAL MANDATE;
AND
(3) NOTICE OF SPECIAL GENERAL MEETING**

Financial adviser to the Company



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

**Independent Financial Adviser to the Independent Board Committee
and Independent Shareholders**



A notice convening a special general meeting of the Company to be held at 10:30 a.m. on Wednesday, 13 June 2012 at the Function Room of Macau Jockey Club, 1/F China Merchants Tower, Shun Tak Centre, 200 Connaught Road, Central, Hong Kong (the “**SGM**”) is set out on pages 31 to 34 of this circular. Whether or not you are able to attend the meeting in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit it to the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

This circular will remain on the “Latest Company Announcements” page of the website of Growth Enterprise Market at www.hkgem.com for at least 7 days from the date of its posting and the Company website at www.long-success.com.

* For identification purpose only

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 11 August 2011
“Announcement”	the announcement of the Company dated 3 April 2012 in relation to the proposed issue of the Convertible Bonds under the Specific Mandate
“associate(s)”	shall have the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Bondholder(s)”	holder(s) of the Convertible Bonds
“Business Day”	any day (excluding not being a Saturday or Sunday) on which licensed banks are generally open for business in Hong Kong
“Capital Restructuring”	the restructuring of the Company’s issued share capital which comprises: (i) 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 (the “ Consolidated Share ”); (ii) 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 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 Shares of HK\$0.01 each; and (iii) the increase of the authorised share capital of the Company from HK\$3,750,000 divided into 375,000,000 Shares of HK\$0.01 each to HK\$300,000,000 divided into 30,000,000,000 Shares of HK\$0.01 each. The Capital Restructuring became effective on 6 March 2012.
“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 issued Shares of which are listed on GEM (stock code: 8017)

DEFINITIONS

“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 relevant conditions precedent have been fulfilled (or such other time and date as the Subscriber and the Company may agree in writing)
“connected person(s)”	shall have the same meaning ascribed to it under the GEM Listing Rules
“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
“Conversion Rights”	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 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 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 rights 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 supplemental agreement dated 17 November 2010 and 3 December 2010, respectively

DEFINITIONS

“Director(s)”	the director(s) of the Company
“Existing General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 524,789,000 additional shares of HK\$0.04 each in the then share capital of the Company (equivalent to 26,239,450 Shares after the Capital Restructuring), representing 20% of the issued share capital of the Company as at the date of the AGM
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Committee”	the listing sub-committee of the board of the Stock Exchange with responsibility for GEM
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“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, to advise the Independent Shareholders in respect of the refreshment of Existing General Mandate
“Independent Financial Adviser” or “Guangdong Securities”	Guangdong Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities as defined under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the refreshment of the Existing General Mandate.
“Independent Shareholders”	any Shareholders other than the controlling Shareholders and their respective associates or, if there is no controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates
“Independent Third Party(ies)”	person(s) or company(ies) which is/are (i) not a connected person of the Company and (ii) independent of and not connected with the directors, chief executives and substantial shareholders of the Company and its subsidiaries and their respective associates (as defined under the GEM Listing Rules)

DEFINITIONS

“Issue Mandate”	the new mandate proposed to be sought at the SGM to authorise the Directors to allot, issue and deal with new Shares not exceeding 20% of the issued share capital of the Company as at the date of the SGM
“Latest Practicable Date”	18 May 2012, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Maturity Date”	the date which is three years from the Closing Date
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	a special general meeting of the Company to be convened for the purpose of considering and, if thought fit, passing the relevant resolution(s) to approve, among other things, (i) the Subscription Agreement and the transaction contemplated thereunder, including the Subscription and the issue of the Conversion Shares; and (ii) the refreshment of the Existing General Mandate
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Sincere Reach Global Investments Limited, a company incorporated in the British Virgin Island 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 conditional 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 and Share Repurchase
“%”	per cent

LETTER FROM THE BOARD



LONG SUCCESS INTERNATIONAL (HOLDINGS) LIMITED

百齡國際(控股)有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 8017)

Executive Directors:

Mr. Wong Kam Leong (*Chairman*)
Mr. Wu Shaohong (*Vice Chairman*)
Mr. Hu Dongguang (*Chief Executive Officer*)
Mr. Wu Bingxiang
Dr. Guo Wanda

Independent non-executive Directors:

Mr. Ng Kwok Chu, Winfield
Mr. Ng Chau Tong, Robert
Mr. Tse Ching Leung
Mr. Wang Qingyi

Registered Office:

Canon Court
22 Victoria Street
Hamilton HM12
Bermuda

Head Office and Principal Place of

Business:

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

21 May 2012

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSED ISSUE OF CONVERTIBLE BONDS;
(2) REFRESHMENT OF GENERAL MANDATE;
AND
(3) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement in which the Board announced, among other things, that on 3 April 2012, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which, the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the Convertible Bonds in the principal amount of HK\$100,000,000.

In addition to the above, the Board proposes the refreshment of the Existing General Mandate.

* for identification purpose only

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further information regarding the Subscription; (ii) details of the refreshment of the Existing General Mandate; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the refreshment of the Existing General Mandate; (iii) a letter of advice from the Independent Financial Adviser, Guangdong Securities, setting out, amongst other things, its recommendations to the Independent Board Committee and Independent Shareholders in relation to the refreshment of the Existing General Mandate; and (iv) the notice of SGM to be convened for the purpose of considering and, if thought fit, passing the relevant resolution(s) to approve, among other things, (a) the Subscription Agreement and the transaction contemplated thereunder, including the Subscription and the issue of the Conversion Shares; and (b) the refreshment of the Existing General Mandate.

I. THE SUBSCRIPTION AGREEMENT

Date: 3 April 2012 (after the trading hours of the Stock Exchange)

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 Independent Third Parties and are 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 Conversion 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.

LETTER FROM THE BOARD

Interest: 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.

The Bondholders have the right, on the Maturity Date, to convert the accrued but unpaid interest into the Conversion Shares at the Conversion Price.

Although the interest rate of the Convertible Bonds is comparatively high, the terms of the Convertible Bonds, including the interest rate, have been negotiated on an arm's length basis, having considered the factors and reasons, as summarised below:

- (i) the interest rate of the Convertible Bonds, being 13% per annum, was determined with reference to the gross yield to maturity of the Convertible Notes, being 13% per annum;
- (ii) the Company is a company listed on GEM and has no net profit track record since 2007;
- (iii) the benchmark interest rate in the PRC of 6.65% per annum; and
- (iv) the Group's high gearing position and the pertaining heavy finance costs.

Maturity Date: The date which is three years from the Closing Date.

Conversion Rights: 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 Bondholders into Conversion Shares at the Conversion Price at any time during the Conversion Period.

LETTER FROM THE BOARD

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 with reference to the market price of the Shares of the Company. The Conversion Price represents:

- (i) a premium of approximately 94.81% over the closing price of HK\$0.154 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) 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;
- (iii) 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 the date of the Subscription Agreement; and
- (iv) 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 date of the Subscription Agreement;

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 Share issued in lieu of a cash dividend);

LETTER FROM THE BOARD

- (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 Share 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.

LETTER FROM THE BOARD

Conversion Shares: The number of Conversion Shares to be issued on exercise of the Conversion Rights 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 to that date (if any), by the Conversion Price in effect on the date of conversion.

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 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.

Redemption: 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.

Early redemption: (1) Upon delisting or change of control of the Company

Upon (i) the Shares cease to be listed or admitted to trading on the Stock Exchange; or (ii) trading in the Shares on the Stock Exchange has been suspended for a continuous period of 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.

(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, including (i) if there is not a sufficient number of authorised but unissued Shares available for fulfilling the Conversion Rights of the Convertible Bonds; (ii) default of the Company in the performance of, or observance of or compliance with any covenant, condition or provision contained in the terms and conditions of the Convertible Bonds (other than the covenant to pay the principal or the interest in respect of the Convertible Bonds) and

LETTER FROM THE BOARD

such default is not remedied for a period of 14 days immediately following the Bondholder filing a relevant notice in respect of such default; (iii) a resolution is passed or an order of a court of competent jurisdiction is made that the Company be wound up or dissolved otherwise than for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reconstruction; (iv) an encumbrancer takes possession or a receiver is appointed of the whole or any material part of the assets of the Company; (v) a distress, execution or seizure before judgment is levied or enforced upon or sued out against the whole or any material part of the assets of the Company and is not discharged within thirty days thereof; or (vi) the trading in the Shares on the Stock Exchange has been suspended for a continuous period of 180 days or more or the Shares cease to be listed or admitted to trading on the Stock Exchange, 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 *pari passu* with all other present and future unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable law.
- Transferability: The Convertible Bonds are freely transferable in denominations of the principal amount of HK\$1,000,000.
- 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.
- Ranking: The Conversion Shares, when allotted and issued, will rank *pari passu* in all respects with all issued Shares on the date of the allotment and issue of the Conversion Shares.
- Listing: No application will be made by the Company for the listing of the Convertible Bonds 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.

LETTER FROM THE BOARD

The Board is of the view that the terms of the Subscription Agreement and the transactions contemplated thereunder, including the Subscription, the interest rate and the Conversion Price, are fair and reasonable, on normal commercial terms and are in the interest of the Company and the Shareholders as a whole.

Conditions precedent

Completion of the Subscription shall be conditional upon, among others:

- (i) the GEM Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, all of the 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 an ordinary 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) of 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.

LETTER FROM THE BOARD

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.

Financial and liquidity position of the Group

The Group currently has a high gearing position and needs to take on a substantial burden on finance costs. As stated in the Company's Interim Report 2011, as at 30 September 2011, the Company had an unaudited aggregate of bank and other borrowings of approximately HK\$269 million, in which HK\$268 million would become due within one year and HK\$1 million was of noncurrent nature. None of the bank and other borrowings is related to any connected persons and associates of the connected persons of the Company as at the Latest Practicable Date.

With the borrowings above, the Group recorded unaudited finance cost of approximately HK\$6.8 million for the six months ended 30 September 2011, representing an increase of approximately 38.8% from HK\$4.9 million in the previous financial period.

After the Convertible Notes are fully redeemed and the issue of the Convertible Bonds is completed, the Board estimates annual interest payable on the Company's interest-bearing liabilities to be approximately HK\$21.8 million.

As at 31 March 2012, the Group had unaudited cash and bank balance of approximately HK\$109 million and outstanding bank and other borrowings of approximately HK\$335 million.

Reasons for the Subscription and use of proceeds

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.

LETTER FROM THE BOARD

Moreover, although the Convertible Notes contain a term of 5 years, the Convertible Notes are recognised as a current liability in the financial statements of the Company as the noteholder of the Convertible Notes has the option to require the Company to redeem the Convertible Notes each twelve months from the date on which the Convertible Notes were issued to the date on which the Convertible Notes matures. Meanwhile, the Convertible Bonds do not include such or similar option and are recognised as a non-current liability in the financial statements of the Company. Accordingly, the Board is of the view that the issue of the Convertible Bonds to finance its obligations under the Convertible Notes will improve the financial position of the Company.

The estimated net proceeds from the issue of the Convertible Bonds (after deduction of all related expenses) will be approximately HK\$98,000,000 (net conversion price of approximately HK\$0.20 per Conversion Share), of which approximately HK\$97,400,000 will be used to redeem the Convertible Notes at their accreted principal amounts and together with the accrued interest as at the date of redemption and the remaining balance, if any, will be retained as the general working capital of the Group. The Board holds the view that the funds raised from the issue of the Convertible Bonds is sufficient for the redemption of the Convertible Notes.

Although the interest rate of the Convertible Bonds is comparatively high, the terms of the Convertible Bonds, including the interest rate, have been negotiated on an arm's length basis, having considered (i) the interest rate of the Convertible Bonds, being 13% per annum, was determined with reference to the gross yield to maturity of the Convertible Notes, being 13% per annum; (ii) the Company is a company listed on GEM and has no net profit track record since 2007; (iii) the benchmark interest rate in the PRC of 6.65% per annum; and (iv) the Group's high gearing position and the pertaining heavy finance costs. The Board is of the view that the interest rate is considered fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The interests of the Convertible Bonds will be settled through the Company's internal resources and if necessary, the Company may conduct external fund raising activities, including but not limited to, by way of (i) placing of new Shares or other equity securities; and (ii) rights issue or open offer to investors who are Independent Third Parties. Additionally, the Bondholders have the right, on the Maturity Date, to convert the accrued but unpaid interest into the Conversion Shares at the Conversion Price. As at the Latest Practicable Date, no concrete fund raising plan has been formed by the Company.

The Board is of the view that the terms of the Subscription Agreement and the transactions contemplated thereunder, including the Subscription and the Conversion Price, are fair and reasonable, on normal commercial terms and are in the interest of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

The table below summarises the shareholding structure of the Company (i) as at the Latest Practicable Date; 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 illustrative and reference purpose:

Shareholder	As at the Latest Practicable Date		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)	
	<i>Number of Shares</i>	%	<i>Number of Shares</i>	%
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	<u>30,206,250</u>	<u>19.21</u>	<u>30,206,250</u>	<u>4.70</u>
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
	<u>115,891,000</u>	<u>73.73</u>	<u>115,891,000</u>	<u>18.04</u>
Total	<u><u>157,197,250</u></u>	<u><u>100.00</u></u>	<u><u>642,439,916</u></u>	<u><u>100.00</u></u>

Notes:

- Wide Fine International Limited is beneficially and wholly owned by Mr. Wong Kam Leong, an executive Director.
- View Good International Limited is beneficially and wholly owned by Ms. Tam Sio Wan, the wife of Mr. Wong Kam Leong, an executive Director.
- Nicky International Limited is beneficially and wholly owned by Mr. Chen Jianqiu and Mr. Leung Wa in equal shares.
- 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.

LETTER FROM THE BOARD

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.

II. REFRESHMENT OF GENERAL MANDATE

Background of the refreshment of the Existing General Mandate

At the AGM held on 11 August 2011, the Shareholders approved among others, an ordinary resolution to grant the Directors the Existing General Mandate to issue, allot and deal with up to 524,789,000 shares of the Company of HK\$0.04 each (equivalent to 26,239,450 Shares after Capital Restructuring), representing 20% of the share capital of the Company as at the date of the AGM.

As at the Latest Practicable Date, the Existing General Mandate had been utilised as to 520,000,000 shares of the Company of HK\$0.04 each (equivalent to 26,000,000 Shares after Capital Restructuring), representing approximately 99.09% of the number of Shares which were allowed to be allotted, issued and dealt with under the Existing General Mandate.

As set out in the announcement of the Company dated 12 January 2012, the Company has entered into a subscription agreement with Mr. Tsang Ming on 12 January 2012, pursuant to which the Company has agreed to allot and issue and Mr. Tsang Ming has agreed to subscribe for 520,000,000 shares of the Company of HK\$0.04 each (equivalent to 26,000,000 Shares after Capital Restructuring) (the “**Subscription Shares**”) at a subscription price of HK\$0.04 per Subscription Share for a total cash consideration of HK\$20,800,000 (the “**Share Subscription**”). The Share Subscription has been completed on 13 February 2012.

The Independent Board Committee, comprising three independent non-executive Directors, namely Mr. Ng Kwok Chu, Winfield, Mr. Ng Chau Tung, Robert and Mr. Tse Ching Leung, has been formed to advise the Independent Shareholders in respect of the refreshment of the Existing General Mandate. Guangdong Securities has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Reasons for the refreshment of Existing General Mandate

Since the granting of the Existing General Mandate at AGM held on 11 August 2011, there has been no refreshment of the Existing General Mandate. Therefore, after completion of the Share Subscription, only 4,789,000 shares of the Company of HK\$0.04 each (equivalent to 239,450 Shares after Capital Restructuring) can be issued under the Existing General Mandate, representing approximately 0.91% of the number of Shares which were allowed to be allotted, issued and dealt with under the Existing General Mandate.

LETTER FROM THE BOARD

The Group currently has a high gearing position and needs to take on a substantial burden on finance costs. As stated in the Company's Interim Report 2011, as at 30 September 2011, the Company had an unaudited aggregate of bank and other borrowings of approximately HK\$269 million, in which HK\$268 million would become due within one year and HK\$1 million was of noncurrent nature. None of the bank and other borrowings is related to any connected persons and associates of the connected persons of the Company as at the Latest Practicable Date.

With the borrowings above, the Group recorded unaudited finance cost of approximately HK\$6.8 million for the six months ended 30 September 2011, representing an increase of approximately 38.8% from HK\$4.9 million in the previous financial period.

After the Convertible Notes are fully redeemed and the issue of the Convertible Bonds is completed, the Board estimates annual interest payable on the Company's interest-bearing liabilities to be approximately HK\$21.8 million.

As at 31 March 2012, the Group had unaudited cash and bank balance of approximately HK\$109 million, of which approximately HK\$101 million represents deposits pledged with a bank, and outstanding bank and other borrowings of approximately HK\$335 million, in which HK\$328 million would become due within one year and HK\$7 million was of noncurrent nature. The funds raised from the Subscription, if completed, will be used to redeem the Convertible Notes and settle part of the said borrowings. Accordingly, after redemption of the Convertible Notes, the current portion of outstanding bank and other borrowings is estimated to be approximately HK\$233 million.

In view of (i) the Existing General Mandate has almost been fully utilised as at the Latest Practicable Date; (ii) the next annual general meeting is not expected to be held until the end of August 2012, which is about three months from the Latest Practicable Date; (iii) the Issue Mandate would provide the Company with financial flexibility to raise funds for the repayment of its debt obligations in a timely manner; (iv) equity financing does not incur any interest paying obligations on the Group as compared with bank or debt financing; and (v) equity financing through the Issue Mandate provides the Company with the flexibility and capability to capture any capital raising opportunity at the reasonable and affordable costs as and when it arises, the Board proposes to refresh the Existing General Mandate for the Directors to allot, issue and deal with new Shares with an aggregate nominal amount of not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the SGM and considers that the refreshment of the Existing General Mandate to be fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Although the Company does not at present have any concrete plan regarding the utilisation of the Issue Mandate, the Company may utilise the Issue Mandate through equity financing for the repayment of its debt obligations. As at the Latest Practicable Date, save and except for the Subscription, no other fund raising exercise was contemplated by the Company.

The Issue Mandate is proposed to the Shareholders prior to the Company's next annual general meeting and therefore, under Rule 17.42A of the GEM Listing Rules, the refreshment of Existing General Mandate will be subject to the Independent Shareholders' approval at the SGM.

LETTER FROM THE BOARD

Issue Mandate

As at the Latest Practicable Date, the issued share capital of the Company consisted of 157,197,250 Shares. On the basis that no Shares would be issued and/or repurchased by the Company from the Latest Practicable Date up to the date of the SGM, the granting of the Issue Mandate would allow the Directors to issue, allot and deal with up to 31,439,450 Shares, representing 20% of the aforesaid total issued share capital of the Company.

An ordinary resolution will be proposed to the Independent Shareholders to approve the refreshment of the Existing General Mandate to authorise the Directors to allot, issue and deal with new Shares, being 20% of the issued share capital of the Company as at the date of SGM.

The Issue Mandate, if granted, will remain effective until the earliest of: (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which next annual general meeting of the Company is required to be held by the bye-laws of the Company or any other applicable laws of Bermuda; and (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

III. GENERAL

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

EQUITY 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 preceding the Latest Practicable Date:

Date of announcement	Event	Net proceeds raised	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date
12 January 2012	Subscription of new Shares	HK\$19,850,000	Financing the proposed acquisition of the entire share capital of Fame Shine Holdings Limited and/or as general working capital of the Company	Approximately HK\$10 million was applied for the acquisition of machineries for the biodegradable materials manufacturing business; approximately HK\$4.4 million was applied for the repayment of the interest of the Convertible Notes; approximately HK\$4.05 million was applied as general working capital of the Group; and approximately HK\$1.4 million is currently unused and held at bank.

LETTER FROM THE BOARD

Save as and except for the above, the Company had not conducted any other equity fund raising activities in the past twelve months immediately preceding the Latest Practicable Date.

SGM

A notice convening the SGM to be held at 10:30 a.m. on Wednesday, 13 June 2012 at the Function Room of Macau Jockey Club, 1/F China Merchants Tower, Shun Tak Centre, 200 Connaught Road, Central, Hong Kong or any adjournment is set out from pages 31 to 34 of this circular. The SGM will be held for the purpose of considering and, if thought fit, passing the relevant resolution(s) to approve, among other things, (a) the Subscription Agreement and the transaction contemplated thereunder, including the Subscription and the issue of the Conversion Shares; and (b) the refreshment of the Existing General Mandate.

The Subscription is subject to, among other things, the passing of an ordinary resolution by the Shareholders at the SGM. As far as the Directors are aware of, no Director or Shareholder has a material interest in the Subscription of the Convertible Bonds. Accordingly, no Shareholder is required to abstain from voting of the ordinary resolution in respect of the Subscription Agreement and the transaction contemplated thereunder.

Pursuant to Rule 17.42A of the GEM Listing Rules, the grant of the Issue Mandate to the Directors to issue and allot new Shares of the Company not exceeding 20% of the issued share capital of the Company as at the date of the SGM is subject to the approval of the Independent Shareholders at the SGM by way of poll. The controlling Shareholders (as defined in the GEM Listing Rules) and their associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the relevant resolution at the SGM.

As at the Latest Practicable Date, the Company has no controlling Shareholders. As such, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the ordinary resolution in respect of the refreshment of the Existing General Mandate to be proposed at the SGM. Mr. Wong Kam Leong, an executive Director and chairman of the Board, and his respective associates are beneficially interested in an aggregate of 30,206,250 Shares, representing approximately 19.21% of the existing share capital of the Company as at the Latest Practicable Date. Accordingly, Mr. Wong Kam Leong and his respective associates shall abstain from voting in favour of the ordinary resolution in respect of the refreshment of the Existing General Mandate to be proposed at the SGM.

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

LETTER FROM THE BOARD

A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the meeting in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit it to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

Recommendation

The Board consider that the terms of (a) the Subscription Agreement and the transaction contemplated thereunder, including the Subscription and the issue of the Conversion Shares; and (b) the refreshment of the Existing General Mandate are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends that the Shareholders and/or the Independent Shareholders to vote in favor of the ordinary resolutions to be proposed at the SGM to approve (a) the Subscription Agreement and the transaction contemplated thereunder, including the Subscription and the issue of the Conversion Shares; and (b) the refreshment of the Existing General Mandate.

Your attention is drawn to (i) the letter from Independent Board Committee set out on page 21 of this circular, which contains the recommendation from the Independent Board Committee to the Independent Shareholders concerning the refreshment of the Existing General Mandate; and (ii) the letter from the Independent Financial Adviser set out on pages 22 to 29 of this circular, which contains its recommendation to the Independent Board Committee and the Independent Shareholders in relation to the refreshment of the Existing General Mandate and the principal factors considered by the Independent Financial Adviser in arriving at its recommendation.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



LONG SUCCESS INTERNATIONAL (HOLDINGS) LIMITED

百齡國際（控股）有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 8017)

21 May 2012

To the Independent Shareholders

Dear Sir or Madam,

REFRESHMENT OF GENERAL MANDATE

We refer to the circular of the Company to the Shareholders dated 21 May 2012 (the “**Circular**”), in which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter will have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders on whether the refreshment of the Existing General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

We wish to draw your attention to the letter of advice from Guangdong Securities, the Independent Financial Adviser, as set out on pages 22 to 29 of the Circular and the letter from the Board as set out on pages 5 to 20 of the Circular.

Having considered, among other things, the factors and reasons considered by, and the opinion of the Independent Financial Adviser as stated in its letter of advice, we consider that the refreshment of the Existing General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution in relation to the refreshment of the Existing General Mandate to be proposed at the SGM.

Yours faithfully,

For and on behalf of

the Independent Board Committee

Mr. Ng Kwok Chu, Winfield

Mr. Ng Chau Tung, Robert

Mr. Tse Ching Leung

Independent non-executive Directors

* *for identification purpose only*

LETTER FROM GUANGDONG SECURITIES

Set out below is the text of a letter received from Guangdong Securities, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the refreshment of Existing General Mandate for the purpose of inclusion in this circular.



Units 2505-06, 25/F.
Low Block of Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

21 May 2012

*To: The independent board committee and the independent shareholders
of Long Success International (Holdings) Limited*

Dear Sirs,

REFRESHMENT OF EXISTING GENERAL MANDATE

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the refreshment of Existing General Mandate, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 21 May 2012 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

As at the Latest Practicable Date, only a further of 239,450 Shares (equivalent to 4,789,000 shares of the Company of HK\$0.04 each before the Capital Restructuring) could be issued under the Existing General Mandate which was granted to the Directors at the AGM. Therefore, the Board proposes to seek approval of the Independent Shareholders for the refreshment of Existing General Mandate such that the Directors will be granted the authority to allot, issue and deal with new Shares not exceeding 20% of the total issued share capital of the Company as at the date of passing the relevant resolution at the SGM. Pursuant to Rule 17.42A of the GEM Listing Rules, the refreshment of Existing General Mandate requires the approval of the Independent Shareholders at the SGM at which any of the controlling shareholders (as defined in the GEM Listing Rules) of the Company and their associates or, where there is no controlling shareholder, the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates are required to abstain from voting in favour of the resolution proposed for the approval of such grant. As at the Latest Practicable Date, there was no controlling Shareholder. As such, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the relevant resolution to approve the refreshment of Existing General Mandate.

LETTER FROM GUANGDONG SECURITIES

An Independent Board Committee comprising Mr. Ng Kwok Chu, Winfield, Mr. Ng Chau Tung, Robert and Mr. Tse Ching Leung (all being independent non-executive Directors) has been established to advise the Independent Shareholders on the refreshment of Existing General Mandate. We, Guangdong Securities Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 17.92 of the GEM Listing Rules.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, or its subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the refreshment of Existing General Mandate. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of Guangdong Securities is to ensure that such information has been correctly extracted from the relevant sources.

LETTER FROM GUANGDONG SECURITIES

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the refreshment of Existing General Mandate, we have taken into consideration the following principal factors and reasons:

(1) Background of the refreshment of Existing General Mandate

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

The Directors were authorised to allot and issue up to 524,789,000 shares of the Company of HK\$0.04 each before the Capital Restructuring (equivalent to 26,239,450 Shares after the Capital Restructuring) under the Existing General Mandate which was granted to the Directors at the AGM.

According to the announcement of the Company dated 12 January 2012 regarding the subscription of new Shares (the “**Share Subscription**”), 520,000,000 new shares of the Company of HK\$0.04 each before the Capital Restructuring (the “**Subscription Shares**”) (equivalent to 26,000,000 Shares after the Capital Restructuring) would be issued. The Share Subscription was completed on 13 February 2012. Since the Subscription Shares were allotted and issued under the Existing General Mandate, the Existing General Mandate was utilised as to 520,000,000 shares of the Company of HK\$0.04 each before the Capital Restructuring (equivalent to 26,000,000 Shares after the Capital Restructuring), representing approximately 99.09% of the Existing General Mandate.

If the Issue Mandate is not granted, only 239,450 new Shares (equivalent to 4,789,000 shares of the Company of HK\$0.04 each before the Capital Restructuring) may be further allotted and issued by the Directors under the Existing General Mandate. Given that the Existing General Mandate was largely utilised as a result of the Share Subscription, the Board proposes to seek approval of the Independent Shareholders for the refreshment of Existing General Mandate such that the Directors will be granted the authority to allot, issue and deal with new Shares not exceeding 20% of the total issued share capital of the Company as at the date of passing the relevant resolution at the SGM.

As at the Latest Practicable Date, the Company had 157,197,250 Shares in issue. On the basis that no Shares would be issued and/or repurchased by the Company from the Latest Practicable Date up to the date of the SGM, the grant of the Issue Mandate would allow the Directors to allot, issue and deal with up to 31,439,450 new Shares, representing 20% of the total issued share capital of the Company as at the date of the SGM.

(2) Reasons for the refreshment of Existing General Mandate

With reference to the reasons as set out in the section headed “Reasons for the refreshment of Existing General Mandate” in the Board Letter and as confirmed by the Directors, the Directors believe that the grant of the Issue Mandate would provide flexibility for the Company to raise funds for the repayment of its debt obligations.

LETTER FROM GUANGDONG SECURITIES

The Group currently has a high gearing position and needs to take on a substantial burden on finance costs. With reference to the Board Letter, as at 31 March 2012, the Group had unaudited cash and bank balance of approximately HK\$109 million, of which approximately HK\$101 million represents deposits pledged with a bank, and outstanding bank and other borrowings of approximately HK\$335 million, in which HK\$328 million would become due within one year and HK\$7 million was of noncurrent nature. The funds raised from the Subscription, if completed, will be used to redeem the Convertible Notes and settle part of the said borrowings. Accordingly, after redemption of the Convertible Notes, the current portion of outstanding bank and other borrowings is estimated to be approximately HK\$233 million. After the Convertible Notes are fully redeemed and the issue of the Convertible Bonds is completed, the Board estimates annual interest payable on the Company's interest-bearing liabilities to be approximately HK\$21.8 million.

In view of that (i) the Existing General Mandate has almost been fully utilised as at the Latest Practicable Date; (ii) the next annual general meeting is not expected to be held until the end of August 2012, which is about three months from the Latest Practicable Date; (iii) the Issue Mandate would provide the Company with financial flexibility to raise funds for the repayment of its debt obligations in a timely manner; (iv) equity financing does not incur any interest paying obligations on the Group as compared with bank or debt financing; and (v) equity financing through the Issue Mandate provides the Company with the flexibility and capability to capture any capital raising opportunity at the reasonable and affordable costs as and when it arises, the Board proposed to refresh the Existing General Mandate.

Although the Company does not at present have any concrete plan regarding the utilisation of the Issue Mandate, potential fund raising opportunities may arise before the expected date of the next annual general meeting and the Company may utilise the Issue Mandate through equity financing for the repayment of its debt obligations.

Given the foregoing, we are of the opinion that the refreshment of Existing General Mandate would provide the Company with the necessary flexibility to fulfil any possible funding needs for repayment of its debt obligations. Accordingly, we are of the view that the refreshment of Existing General Mandate is in the interests of the Company and the Shareholders as a whole.

LETTER FROM GUANGDONG SECURITIES

(3) Fund raising activities in the past twelve months

Set out below are the fund raising activities conducted by the Company in the past twelve months prior to the Latest Practicable Date:

Date of announcement	Description of the fund raising activity	Net proceeds raised	Intended use of net proceeds	Actual use of net proceeds
12 January 2012	The Share Subscription	HK\$19,850,000	Financing the proposed acquisition of the entire share capital of Fame Shine Holdings Limited and/or as general working capital of the Company	Approximately HK\$10 million was applied for the acquisition of machineries for the biodegradable materials manufacturing business; approximately HK\$4.4 million was applied for the repayment of the interest of the Convertible Notes; approximately HK\$4.05 million was applied as general working capital of the Group; and approximately HK\$1.4 million is currently unused and held at bank
3 April 2012	The Subscription	Estimated to be approximately HK\$98,000,000	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	The Subscription is not yet completed as at the Latest Practicable Date

Save as and except for the Share Subscription and the Subscription, the Company had not conducted any other fund raising activities in the past twelve months immediately prior to the Latest Practicable Date.

LETTER FROM GUANGDONG SECURITIES

(4) Flexibility in financing

As advised by the Directors, given that only a further of 239,450 new Shares (equivalent to 4,789,000 shares of the Company of HK\$0.04 each before the Capital Restructuring) could be issued under the Existing General Mandate, the Group does not obviate the possibilities of capturing investor interests and obtaining equity financing in a timely manner should there be equity investor(s) indicating interest in the existing and prospective businesses of the Company. Having also taken into account the high gearing position of the Group and its heavy finance costs, the Directors believe that the refreshment of Existing General Mandate will provide the Group with flexibility for possible future fund raising to satisfy its funding needs from time to time, which is in the interests of the Company and the Shareholders as a whole.

As discussed in the foregoing, we consider that the refreshment of Existing General Mandate would provide the Company with the necessary flexibility to fulfil any possible funding needs for the repayment of its debt obligations. The refreshment of Existing General Mandate would provide the Company with the flexibility as allowed under the GEM Listing Rules to allot and issue new Shares for equity fund raising activities, such as placing of new Shares.

With reference to the Board Letter, although the Company does not at present have any concrete plan regarding the utilisation of the Issue Mandate, the Company may utilise the Issue Mandate through equity financing for the repayment of its debt obligations. As at the Latest Practicable Date, save and except for the Subscription, no other fund raising exercise was contemplated by the Company.

Given the financial flexibility available to the Company as discussed above, we are of the opinion that the refreshment of Existing General Mandate is in the interests of the Company and the Shareholders as a whole.

(5) Other financing alternatives

We have enquired into the Directors and the Directors confirmed that apart from equity financing, the Group will also consider debt financing, such as bank borrowings, to be other possible fund raising alternatives available to the Group. However, the Directors are of the view that the ability of the Group to obtain bank borrowings usually depends on the Group's profitability, financial position and the then prevailing market condition. Furthermore, such alternative may be subject to lengthy due diligence and negotiations with banks. In light of the above, the Directors consider equity financing, such as placing of new Shares, to be feasible method for the Group to obtain additional funding.

The Directors confirmed that they would exercise due and careful consideration when choosing the optimal financing method available to the Group to the best of their knowledge and belief. With this being the case, along with the fact that the refreshment of Existing General Mandate will provide the Company with an additional alternative and it is reasonable for the Company to have the flexibility in deciding the financing methods for its future funding needs, we are of the view that the refreshment of Existing General Mandate is in the interests of the Company and the Shareholders as a whole.

LETTER FROM GUANGDONG SECURITIES

(6) Potential dilution to shareholding of the existing public Shareholders

The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) upon full utilization of the Issue Mandate (assuming no Shares would be issued or repurchased by the Company from the Latest Practicable Date up to the date of the SGM):

	As at the Latest Practicable Date		Upon full utilization of the Issue Mandate (assuming no Shares would be issued or repurchased by the Company from the Latest Practicable Date up to the date of the SGM)	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Wide Fine International Limited (<i>Note 1</i>)	12,706,250	8.08	12,706,250	6.74
View Good International Limited (<i>Note 2</i>)	17,500,000	11.13	17,500,000	9.27
Subtotal	<u>30,206,250</u>	<u>19.21</u>	<u>30,206,250</u>	<u>16.01</u>
Nicky International Limited (<i>Note 3</i>)	10,800,000	6.87	10,800,000	5.73
Mr. Leung Wa	300,000	0.19	300,000	0.16
Existing public Shareholders	115,891,000	73.73	115,891,000	61.43
Shares to be issued under the Issue Mandate	–	–	31,439,450	16.67
Total	<u><u>157,197,250</u></u>	<u><u>100.00</u></u>	<u><u>188,636,700</u></u>	<u><u>100.00</u></u>

Notes:

- Wide Fine International Limited is beneficially and wholly owned by Mr. Wong Kam Leong, an executive Director.
- View Good International Limited is beneficially and wholly owned by Ms. Tam Sio Wan, the wife of Mr. Wong Kam Leong, an executive Director.
- Nicky International Limited is beneficially and wholly owned by Mr. Chen Jianqiu and Mr. Leung Wa in equal shares.

The table above illustrates that the shareholdings of the existing public Shareholders would decrease from approximately 73.73% to approximately 61.43% upon full utilisation of the Issue Mandate (assuming no Shares are issued or repurchased by the Company from the Latest Practicable Date up to the date of the SGM). Such potential dilution to the shareholdings of the existing public Shareholders represents a dilution of approximately 12.30 percentage point.

LETTER FROM GUANGDONG SECURITIES

Taking into account that the refreshment of Existing General Mandate (i) would provide an alternative to increase the amount of capital which may be raised under the Issue Mandate; (ii) would provide more options of financing to the Group for the repayment of its debt obligations; and (iii) the shareholding interests of all the Shareholders in the Company will be diluted in proportion to their respective shareholdings upon any utilisation of the Issue Mandate, we are of the opinion that the potential dilution to the shareholdings of the existing public Shareholders as just mentioned is acceptable.

RECOMMENDATION

In conclusion, we noted that:

- (i) the Company does not have any concrete plan to utilise the Issue Mandate;
- (ii) the next annual general meeting is not expected to be held until the end of August 2012, which is about three months from the Latest Practicable Date; and
- (iii) the shareholdings of the existing public Shareholders would decrease by approximately 12.30 percentage point upon full utilisation of the Issue Mandate (assuming no Shares are issued or repurchased by the Company from the Latest Practicable Date up to the date of the SGM).

On the contrary, the Group currently has a high gearing position and needs to take on a substantial burden on finance costs while the refreshment of the Existing General Mandate will provide the Company with the necessary flexibility to fulfil any possible funding needs for the repayment of its debt obligations. In addition, potential fund raising opportunities may arise before the expected date of the next annual general meeting.

Having taken into consideration and balanced the factors and reasons as stated above, we are of the opinion that the refreshment of Existing General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the refreshment of Existing General Mandate and we recommend the Independent Shareholders to vote in favour of the ordinary resolution in this regard.

Yours faithfully,
For and on behalf of
Guangdong Securities Limited
Graham Lam
Managing Director

RESPONSIBILITY STATEMENT

This circular, 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 circular 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 circular misleading.

NOTICE OF SGM



LONG SUCCESS INTERNATIONAL (HOLDINGS) LIMITED

百齡國際(控股)有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 8017)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (“SGM”) of the shareholders of Long Success International (Holdings) Limited (the “**Company**”) will be held at 10:30 a.m. on Wednesday, 13 June 2012 at the Function Room of Macau Jockey Club, 1/F China Merchants Tower, Shun Tak Centre, 200 Connaught Road, Central, Hong Kong for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions of the Company:

ORDINARY RESOLUTIONS

“1. **THAT:**

- (i) the execution of the subscription agreement dated 3 April 2012 (the “**Subscription Agreement**”, a copy of which is marked “A” and initialed by the chairman of the SGM for identification purpose and tabled at the SGM) between the Company and Sincere Reach Global Investments Limited (the “**Subscriber**”), pursuant to which the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the convertible bonds in the principal amount of HK\$100,000,000, with the right to convert at the conversion price of HK\$0.30 (subject to adjustments) per conversion share (the “**Convertible Bonds**”), and all transactions contemplated thereunder be and are hereby approved, ratified and confirmed;
- (ii) the creation and issue by the Company of the Convertible Bonds to the Subscriber in accordance with the terms and conditions of the Subscription Agreement and the terms and conditions of the Convertible Bonds attached to the Subscription Agreement and all transactions thereunder be and are hereby approved, ratified and confirmed;
- (iii) the issue and allotment of up to 485,242,666 new ordinary shares of the Company at the conversion price of HK\$0.30 each (subject to adjustments) which may fall to be issued upon the exercise of the conversion rights attached to the Convertible Bonds be and are hereby approved, ratified and confirmed; and

* *for identification purpose only*

NOTICE OF SGM

- (iv) the directors of the Company (the “**Directors**”) are hereby authorised to do all such acts and things (including, without limitation, signing, executing (under hand or under seal), perfecting and delivering all agreements, documents and instruments) which are in their opinion, necessary, appropriate, desirable or expedient to implement or to give effect to the terms of the Subscription Agreement and all transactions contemplated thereunder and all other matters incidental thereto or in connection therewith and to agree to and make such variation, amendment and waiver of any of the matters relating thereto or in connection therewith that are, in the opinion of the Directors, not material to the terms of the Subscription Agreement and all transactions contemplated thereunder and are in the interests of the Company.”

“2. **THAT** to the extent not already exercised, the mandate to allot and issue shares of the Company given to the Directors at the annual general meeting of the Company held on 11 August 2011 be and is hereby revoked and replaced by the mandate **THAT**:

- (i) subject to paragraph (iii) below, pursuant to the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, the exercise by the Directors during the Relevant Period (as defined in paragraph (iv) below) of all the powers of the Company to allot, issue and deal with unissued shares in the capital of the Company and to make or grant offers, agreements or options and rights of exchange or conversion which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (ii) the approval in paragraph (i) above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options and rights of exchange or conversion which might require the exercise of such powers after the end of the Relevant Period;
- (iii) aggregate nominal amount of share capital allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to an option or otherwise) by the Directors pursuant to the approval granted in paragraph (i) above, otherwise than pursuant to (a) a Rights Issue (as defined in paragraph (iv) below), or (b) any Share Option Schemes (as defined in paragraph (iv) below) of the Company approved by The Stock Exchange of Hong Kong Limited, or (c) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the bye-laws of the Company, or (d) any issue of shares of the Company upon the exercise of the outstanding conversion rights attaching to any convertible securities issued by the Company, which are convertible into shares of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this resolution, and the said approval shall be limited accordingly; and

NOTICE OF SGM

(iv) for the purpose of this resolution:

“**Relevant Period**” means the period from the date of passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which next annual general meeting of the Company is required to be held by the bye-laws of the Company, the Companies Act 1981 of Bermuda (as amended) or any other applicable laws of Bermuda to be held; and
- (c) the passing of an ordinary resolution by the shareholders of the Company in general meeting, revoking or varying the authority given to the Directors by this resolution.

“**Rights Issue**” means an offer of shares, or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by the Directors to holders of shares whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange in any territory applicable to the Company).

“**Share Option Scheme**” means a share option scheme or similar arrangement for the time being, as varied from time to time, adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries and/or other eligible person of shares or rights to acquire shares of the Company.”

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

Hong Kong, 21 May 2012

Registered office:
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Head office and principal place of business:
26/F, EIB Centre,
40-44 Bonham Strand,
Sheung Wan,
Hong Kong

NOTICE OF SGM

Notes:

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