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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)

### **(I) PLACING OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE; (II) PLACING OF SHARES UNDER GENERAL MANDATE; AND (III) RESUMPTION OF TRADING**

#### **THE CB PLACING AGREEMENT**

On 26 July 2012 after trading hours, the Company entered into the CB Placing Agreement with the Placing Agent pursuant to which the Placing Agent has conditionally agreed to procure, on a best-effort basis, the CB Placees to subscribe for the Convertible Bonds of up to an aggregate principal amount of HK\$100 million.

Based on the initial conversion price of HK\$0.08 per Conversion Share, a maximum number of 1,250,000,000 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds in full, which represent approximately 795.18% of the existing issued share capital of the Company and approximately 88.83% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares. The Conversion Shares shall be issued under a specific mandate to be approved by the Shareholders at the SGM.

The estimated net proceeds from the Placing (after deducting related expenses) are estimated to be of approximately HK\$96.45 million. The Company intends to use the net proceeds for the Group's general working capital.

#### **THE PLACING AGREEMENT**

On 27 July 2012, the Company entered into the Placing Agreement with the Placing Agent whereby the Company agreed to place, through the Placing Agent, on a best effort basis, up to a maximum of 31,000,000 Placing Shares to not less than six Placees at a price of HK\$0.12 per Placing Share.

The 31,000,000 Placing Shares represent approximately (i) 19.72% of the issued share capital of the Company as at the date of this announcement; and (ii) 16.47% of the issued share capital of the Company as enlarged by the issue of 31,000,000 Placing Shares. The aggregate nominal value of the Placing Shares is HK\$310,000. The Placing Shares will be issued under the General Mandate.

The Placing Price of HK\$0.12 represents (i) a discount of approximately 18.92% to the closing price of HK\$0.148 per Share as quoted on the Stock Exchange on Last Trading Day; and (ii) a premium of approximately 8.89% to the average of the closing prices for the five consecutive trading days immediately prior to the date of the Placing Agreement as quoted on the Stock Exchange of HK\$0.1102 per Share.

Assuming a maximum of 31,000,000 Placing Shares are successfully placed by the Placing Agent, the aggregate gross proceeds and net proceeds from the Placing will be approximately HK\$3.7 million and HK\$3.5 million, respectively. The Company intends to use the net proceeds for the Group's general working capital.

#### **GENERAL**

The Placing is not subject to Shareholders' approval as the Placing Shares will be issued under the General Mandate.

An SGM will be held to consider and if thought fit, pass resolutions to approve the CB Placing Agreement and the transactions contemplated thereunder including the CB Placing and the issue of the Conversion Shares.

A circular containing, among other things, further details of the CB Placing Agreement together with the notice of the SGM will be despatched to the Shareholders as soon as practicable. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Director or Shareholder has a material interest in the placing of the Convertible Bonds and no Shareholder is required to abstain from voting at the SGM.

#### **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:00 a.m. on 27 July 2012 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares with effect from 9:00 a.m. on 30 July 2012.

**Completion of the CB Placing and the Placing is subject to the satisfaction of the condition precedent in the CB Placing Agreement and the Placing Agreement, respectively. As the CB Placing and the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **THE CB PLACING AGREEMENT**

### **Date**

26 July 2012 (after trading hours)

### **Parties**

- (1) The Company as the issuer
- (2) FT Securities Limited as the Placing Agent

The Company has conditionally agreed to place and the Placing Agent has conditionally agreed to procure, on a best-effort basis, the CB Placees to subscribe for the Convertible Bonds up to the principal amount of HK\$100,000,000.

To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

### **CB Placees**

The Convertible Bonds will be placed to the CB Placee(s) who are independent institutional or private investor not connected with the Company and its connected persons (as defined in the GEM Listing Rules). The Placing Agent shall use their reasonable endeavours to ensure that (a) it will not offer or place any of the Convertible Bonds to or with any person, firm or company which is a connected person (as defined in the GEM Listing Rules) of the Company other than in the situation where consent from the Stock Exchange has been obtained and in compliance with the GEM Listing Rules; and (b) the terms of the placing letter with the CB Placee(s) will not be in breach of the terms of the CB Placing Agreement.

### **CB Placing Commission**

The Placing Agent has been appointed to place the Convertible Bonds on a best-effort basis and will receive a placing commission for the CB Placing of 3% on the principal amount of the Convertible Bonds being successfully placed. The placing commission for the CB Placing was determined after arm's length negotiations between the Company and the Placing Agent.

### **Principal Terms of the Convertible Bonds**

Issuer of the Convertible Bonds:           The Company

Principal amount:                           HK\$100,000,000

Conversion Price:                       The conversion price is HK\$0.08 per Conversion Share, subject to anti-dilution adjustments arising from certain events as stated in the Convertible Bond Instrument.

The Conversion Price of HK\$0.08 represents:

- (i) a discount of approximately 45.95% to the closing price of HK\$0.148 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 20.16% to the average closing price of HK\$0.1002 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the CB Placing Agreement.

The Conversion Price was arrived at after arm's length negotiations between the Company and the Placing Agent.

Taking into account the average trading volume of the Shares in the three months immediately before the Last Trading Day being less than 1 million Shares per trading day, which represents merely less than 0.7% of the total issued Shares of the Company; in addition to the recent negative investor sentiment caused by the European sovereign debt crisis, the Directors are of the view that the Conversion Price at approximately 46% discount to the closing price of the Shares on the Last Trading Day is appropriate to make the Convertible Bond attractive to potential investors. The Directors are of the view that the Conversion Price is fair and reasonable and in the interests of the Company and Shareholders as a whole.

Anti-dilution adjustments:

The Conversion Price shall from time to time be adjusted upon the occurrence of certain events including, but not limited to, the followings:

- (i) consolidation and subdivision;
- (ii) capitalisation of profits or reserves;
- (iii) capital distribution;
- (iv) issue of Shares by way of rights;
- (v) issue of other securities by way of rights;
- (vi) issue of Shares other than by way of rights;
- (vii) issue of Shares upon conversion or exchange;
- (viii) modification of rights of conversion or exchange;  
and
- (ix) offers for Shares.

Conversion Shares: Based on the initial conversion price of HK\$0.08, a maximum number of 1,250,000,000 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds in full, which represent approximately 795.18% of the existing issued share capital of the Company and approximately 88.83 % of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

The Conversion Shares will be issued under the Specific Mandate proposed to be sought from the Shareholders at the SGM.

Interest: The Convertible Bonds shall not bear any interest.

Maturity Date: 31 August 2015

Conversion Rights: Each holder of the Convertible Bonds shall have the right, exercisable during the Conversion Period (as defined below) to convert the whole or any part (in multiples of HK\$1,000,000) of the outstanding principal amount of the Convertible Bonds held by such holder of Convertible Bonds into such number of Conversion Shares as will be determined by dividing the principal amount of the Convertible Bonds to be converted by the Conversion Price in effect on the date of conversion.

No fraction of a Share shall be issued on conversion of the Convertible Bonds. The Company shall pay a cash amount in HK\$ equal to such amount of Convertible Bonds that is not converted.

Limitations on conversion of the Convertible Bonds: The Company shall not be required to issue any Conversion Shares, if, as a result of the relevant exercise of the Conversion Rights, less than 25% or the minimum prescribed percentage as set out in the GEM Listing Rules of the Company's issued shares would be held by the public immediately after the relevant exercise of Conversion Rights.

The Company shall not be required to issue any Conversion Shares, if, as a result of the relevant exercise of the Conversion Rights, the holder of the Convertible Bonds and/or parties acting in concert with it will be

interested in 30% (or such amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) under the Takeovers Code.

Redemption:

*Redemption on request*

Without prejudice to other provisions of the Convertible Bond Instrument, the Company shall, within five (5) Business Days of the issue of a redemption notice by a holder of the Convertible Bonds in respect of part or all of principal amount of the Convertible Bonds held by such holder of the Convertible Bonds, redeem at a redemption amount equal to 100% of the principal amount of such part or all of principal amount of the Convertible Bonds held by such holder of the Convertible Bonds.

*Redemption of the Convertible Bonds at maturity*

Any principal amount of the Convertible Bonds which has not been redeemed or converted in accordance with the terms and conditions of the Convertible Bond Instrument by the Maturity Date, shall, at the absolute discretion of the Company (and regardless of whether or not the holders of the Convertible Bonds concerned have requested for conversion of any or all principal amount of the Convertible Bonds into the Conversion Shares), either redeemed by the Company on the Maturity Date at a redemption amount equal to 100% of the principal amount of the Convertible Bonds, or be converted into the Conversion Shares.

*Redemption on default*

If any of the events (“**Events of Default**”) specified below occur, the Company shall forthwith give notice thereof to the holders of the Convertible Bonds and each holder of the Convertible Bonds may (without prejudice to any other rights and remedies available to the holders of the Convertible Bonds), at its option, opt to convert their Convertible Bonds in its entirety or, alternatively, give a notice of redemption to the Company in respect of part or all of principal amount of the Convertible Bonds held by it, whereupon such Convertible Bonds shall become immediately due and payable at a redemption

amount equal to 100% of the principal amount of the Convertible Bonds. For any avoidance of doubt, there shall not be any redemption by any holder of the Convertible Bonds prior to the Maturity Date unless an Event of Default occurs. The Events of Default are as follows:–

- (i) any failure to pay the principal of the Convertible Bonds when due and such failure continues for a period of seven (7) Business Days;
- (ii) any default made by the Company in the performance or observance of any undertaking, warranty or representation given by it under these terms (other than the covenant to pay the principal amount of the Convertible Bonds) and such default is incapable of remedy (in which event no such notice as is referred to below shall be required), or if capable of remedy is not remedied within fifteen (15) Business Days of service by any holder of the Convertible Bonds on the Company of notice requiring such default to be remedied;
- (iii) any other present or future indebtedness of the Company or any of its subsidiaries as defined in the Convertible Bond Instrument (the “**Subsidiaries**”) for or in respect of any bonds, debentures, notes or similar instruments of indebtedness or any other monies borrowed or raised, becomes due and payable prior to its stated maturity otherwise than at the option (as the case may be) of the Company or the relevant Subsidiary, or any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or the Company or any of its Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any such indebtedness provided that the aggregate amount of indebtedness and guarantees and indemnities in respect of which one or more events mentioned above have occurred equals or exceeds HK\$1,000,000,000 or its equivalent in any other currency provided that the provisions of this paragraph (iii) shall not apply to any alleged default if the Company or the relevant Subsidiary, as the case may be, is contesting the matter in good faith;  
or



- (iv) 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 the terms of which shall have previously been approved in writing by a resolution of the holders of the Convertible Bonds;
- (v) a resolution is passed or an order of a court of competent jurisdiction is made for the winding up or dissolution of any Subsidiary except (a) for the purposes of or pursuant to and followed by a consolidation or amalgamation with or merger into the Company or any other Subsidiary, (b) for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reconstruction (other than as described in (a) above) the terms of which shall have previously been approved by a resolution of the holders of the Convertible Bonds, or (c) by way of a voluntary winding up or dissolution where there are surplus assets in such Subsidiary and such surplus assets attributable to the Company and/or any other Subsidiary are distributed to the Company and/or any such other Subsidiary;
- (vi) an encumbrancer takes possession or a receiver is appointed over the whole or a material part of the assets or undertaking of the Company or any Subsidiary;
- (vii) a distress, execution or seizure order before judgement is levied or enforced upon or sued out against the whole or a material part of the property, assets or revenues of the Company or any Subsidiary (as the case may be) and is not discharged or stayed within thirty (30) Business Days or such longer period as the holder of the Convertible Bonds, by a resolution of the holders of the Convertible Bonds, may consider appropriate in relation to the event concerned;



- (viii) the Company or any of its Subsidiaries is insolvent or unable to pay its debts as and when they fall due or the Company or any of its Subsidiaries shall initiate or consent to proceedings relating to itself under any applicable administration, bankruptcy, composition or insolvency law or scheme of arrangement while insolvent (except, for the avoidance of doubt, for the purposes of a dissolution or winding-up permitted under paragraphs (iv) or (v) above) or makes a general assignment for the benefit of, or enters into any composition with, its creditors;
- (ix) proceedings shall have been initiated against the Company or any Subsidiary under any applicable bankruptcy, reorganisation or insolvency law, and such proceedings shall not have been discharged or stayed within fifteen (15) Business Days thereafter (or such longer period as the holders of the Convertible Bonds(s) by a resolution of the holders of the Convertible Bonds may consider appropriate in relation to the jurisdiction concerned;
- (x) it is or becomes unlawful for the Company to perform or comply with any of its obligations under the Convertible Bond Instrument or any Convertible Bonds, or due to no fault on the part of any holder of the Convertible Bonds any such obligation is not or ceases to be enforceable or is claimed by the Company not to be enforceable;
- (xi) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or substantially all or (other than on arm's length terms or with respect to a part of the relevant entity's business or operations which has not materially contributed to the consolidated operating profit of the Company and its Subsidiaries for at least three years prior to the day on which this paragraph operates) a material part of the assets of the Company or any of its Subsidiaries;

- (xii) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (a) to enable the Company lawfully to enter into, exercise its rights and perform and comply with its obligations under the Convertible Bonds or the Convertible Bond Instrument, (b) to ensure that those obligations are legally binding and enforceable, and (c) to make the Convertible Bonds or the Convertible Bond Instrument admissible in evidence in the courts of Hong Kong, is not taken, fulfilled or done by the requisite time;
- (xiii) any breach of the representations, warranties and undertakings made by the Company to the holders of the Convertible Bonds in reliance of which the holder(s) of the Convertible Bonds subscribes to the Convertible Bonds; or
- (xiv) any event occurs which has an analogous effect to any of the events referred to in paragraphs (i) to (xiii) above.

Conversion Period:	The period commencing from the date of issue of the Convertible Bonds and ending on the date which falls on the fifth (5 <sup>th</sup> ) Business Day before the Maturity Date, both dates inclusive.
Ranking:	Shares issued upon exercise of the Conversion Rights shall rank pari passu in all respects with all other existing Shares outstanding at the date of conversion and all Conversion Shares shall include rights to participate in all dividends and other distributions.
Transferability:	Any transfer of the Convertible Bonds shall be in respect of the whole or any part (in multiples of HK\$1,000,000.00) of the outstanding principal amount of the Convertible Bonds.
Application for listing:	No application will be made by the Company to the Stock Exchange for listing of the Convertible Bonds. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

## **Conditions Precedent**

Completion of the CB Placing shall be conditional upon:

- (a) the Placing Agent having successfully procured CB Placee(s) to subscribe the Convertible Bonds during the CB Placing Period (or such later time and date as the Placing Agent and the Company shall agree in writing);
- (b) the Company's compliance with, and procurement for the compliance with, all conditions imposed by the Stock Exchange or by any other competent authority (in Hong Kong or elsewhere) for approval of the CB Placing, issuance of the Convertible Bonds and the listing of and permission to deal in the Conversion Shares to be issued and allotted on the conversion of the Convertible Bond and ensure the continued compliance thereof (provided in each case that the CB Placee(s) comply with and satisfies all such conditions);
- (c) the Company's shareholders having approved the issuance of the Convertible Bonds and the CB Placing;
- (d) the warranties of the CB Placing Agreement are, and shall remain, valid, binding and effective.

If the conditions referred to above are not fulfilled or satisfied (or waived pursuant to the CB Placing Agreement) prior to expiry of the CB Placing Period (or such later date as may be agreed between the Company and the Placing Agent in writing), the CB Placing Agreement will lapse and become null and void and the parties thereof shall be released from all obligations thereunder, save the liabilities for any antecedent breaches thereof.

## **COMPLETION**

Subject to fulfillment of the conditions precedent as detailed above, completion of the CB Placing shall take place within three (3) Business Days after the conditions of the CB Placing have been fulfilled prior to expiry of the CB Placing Period (or such other time and/or date as the Company and the Placing Agent may agree in writing).

## **Termination of the CB Placing Agreement**

If at any time prior to 10:00 a.m. on the Business Day immediately prior to the date of completion of the CB Placing Agreement:

- (i) there develops, occurs or comes into force:
  - (a) any new law or regulation or any change in existing laws or regulations or the interpretation thereof which may in the opinion of the Placing Agent and in its absolute discretion may materially and adversely affect the business or financial condition or prospects of the Group as a whole; or

- (b) any local, regional, national or international event or change (whether or not permanent or forming part of a series of events or changes occurring or continuing, on and/or after the date of the CB Placing Agreement) of a political, military, economic or other nature (whether or not ejusdem generis with the foregoing) which, in the sole opinion of the Placing Agent and in its absolute discretion will, or may be expected to, have a material adverse effect on the CB Placing; or
  - (c) any significant change (whether or not permanent) in local, regional, national or international market conditions (or in conditions affecting a sector of the market) which in the sole opinion of the Placing Agent and in its absolute discretion has or may have a material adverse effect on the CB Placing; or
- (ii) any breach of any of the warranties in the CB Placing Agreement which in the sole opinion of the Placing Agent and in its absolute discretion is material in the context of the CB Placing, comes to the knowledge of the Placing Agent or there has been a breach by the Company of any other provision of the CB Placing Agreement which in the sole opinion of the Placing Agent and in its absolute discretion is material in the context of the CB Placing;

then and in any such case, the Placing Agent may, in its sole and absolute discretion, terminate the CB Placing Agreement without liability to the Company by giving notice in writing to the Company, which notice may be given at any time prior to the date of completion of the CB Placing Agreement.

In the event that the CB Placing Agreement is terminated pursuant to the paragraph above, all obligations of each of the parties under the CB Placing Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the CB Placing Agreement except for any antecedent breach of any obligation under the CB Placing Agreement and the payment obligation of the Company to the Placing Agent pursuant to the CB Placing Agreement.

## **THE PLACING AGREEMENT**

### **Date**

27 July 2012

### **Parties**

- (1) The Company as the issuer; and
- (2) FT Securities Limited as the Placing Agent.

The Company has conditionally agreed to place and the Placing Agent has conditionally agreed to procure, on a best-effort basis, not less than six independent Placees to subscribe for the Placing Shares.

To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties. As at the date of this announcement, the Placing Agent does not have any interest in the Shares.

### **Placees**

The Placing Shares will be placed to not less than six Placee(s) who are independent institutional or private investor not connected with the Company and its connected persons (as defined in the GEM Listing Rules). The Placing Agent shall use their reasonable endeavours to ensure that (a) it will not offer or place any of the Placing Shares to or with any person, firm or company which is a connected person (as defined in the GEM Listing Rules) of the Company other than in the situation where consent from the Stock Exchange has been obtained and in compliance with the GEM Listing Rules; and (b) the terms of the placing letter with the Placee(s) will not be in breach of the terms of the Placing Agreement.

### **Placing Shares**

Pursuant to the Placing Agreement, the Placing Agent agreed to procure, on a best effort basis, not less than six (6) Placees to subscribe for up to a maximum of 31,000,000 Placing Shares at the Placing Price.

The 31,000,000 Placing Shares represent approximately (i) 19.72% of the issued share capital of the Company as at the date of this announcement; and (ii) 16.47% of the issued share capital of the Company as enlarged by the issue of 31,000,000 Placing Shares. The aggregate nominal value of the Placing Shares is HK\$310,000.

### **Placing Price**

The Placing Price of HK\$0.12 represents (i) a discount of approximately 18.92% to the closing price of HK\$0.148 per Share as quoted on the Stock Exchange on Last Trading Day; and (ii) a premium of approximately 8.89% to the average of the closing prices for the five consecutive trading days immediately prior to the date of the Placing Agreement as quoted on the Stock Exchange of HK\$0.1102 per Share.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent on the date of the Placing Agreement with reference to the prevailing market price of the Shares. The Directors consider that the terms of the Placing Agreement (including the Placing Price) are fair and reasonable and that the Placing is in the interests of the Company and the Shareholders as a whole.

### **Placing commission**

The Placing Agent shall receive a placing commission of 3% of the aggregate consideration received by the Company from the sale of the Placing Shares on the date of completion of the Placing Agreement.

### **Conditions precedent to the Placing Agreement**

Completion of the Placing and the obligations of the Placing Agent in respect of the Placing under the Placing Agreement are conditional upon the satisfaction of fulfillment of the following conditions):

- (a) the Company possessing sufficient share capital to satisfy the Placing of all Placing Shares;
- (b) the Placing Agent successfully places, or procures Placees to subscribe for, the Placing Shares during the Placing Period (or prior to the expiration of such later time and date as the Placing Agent and the Company shall agree in writing);
- (c) the Placing Agent having compiled and delivered to the Company a comprehensive list showing the name, address (or registered address if a corporation), country of incorporation (if a corporation) and other requisite information and details of the Placees and the number of Placing Shares to be subscribed by each Placee (the “**Placee List**”);
- (d) the Stock Exchange have granted approval for the listing of and permission to deal in the Placing Shares (and such approval and permission not having been revoked prior to completion of the Placing);
- (e) further, the Company’s compliance with and procurement of the compliance of all conditions imposed by the Stock Exchange or by any other competent authority (in Hong Kong or elsewhere) for permission to deal in the Placing Shares issued or to be issued and ensure the continued compliance thereof (provided in each case that the Placees comply with and satisfy all such conditions); and
- (f) the Bermuda Monetary Authority approving the issuance and allotment of Placing Shares (if required).

If the conditions precedent to the Placing Agreement are not fulfilled on or before the Placing Long Stop Date or such later date as may be agreed between the Company and the Placing Agent, the Placing Agreement will lapse and become null and void and the parties to the Placing Agreement shall be released from all obligations under the Placing Agreement.

### **Termination and force majeure**

The Placing Agreement may be terminated by the Placing Agent if at any time prior to 10:00 a.m. of the date immediately preceding the date of completion of the Placing Agreement:

- (a) there develops, occurs or comes into force:

- i. any new law or regulation or any change in existing laws or regulations or the interpretation thereof which may in the opinion of the Placing Agent and in its absolute discretion may materially and adversely affect the business or financial condition or prospects of the Group as a whole; or
  - ii. any local, regional, national or international event or change (whether or not permanent or forming part of a series of events or changes occurring or continuing, on and/or after the date hereof) of a political, military, economic or other nature (whether or not ejusdem generis with the foregoing) which, in the sole opinion of the Placing Agent and in its absolute discretion will, or may be expected to, have a material adverse effect on the Placing; or
  - iii. any significant change (whether or not permanent) in local, regional, national or international market conditions (or in conditions affecting a sector of the market) which in the sole opinion of the Placing Agent and in its absolute discretion has or may have a material adverse effect on the Placing; or
- (b) any breach of any of the warranties which in the sole opinion of the Placing Agent and in its absolute discretion as stated in the Placing Agreement is material in the context of the Placing, comes to the knowledge of the Placing Agent or there has been a breach by the Company of any other provision of the Placing Agreement which in the sole opinion of the Placing Agent and in its absolute discretion is material in the context of the Placing; or
- (c) trading in the Shares having been suspended or limited on, or by, the Stock Exchange, which in the sole and absolute opinion of the Placing Agent is or is likely to prejudice the success of the Placing or distribution of the Placing Shares or dealings in the Placing Shares in the secondary market, or makes it unfavourable or impracticable to proceed with the Placing then and in any such case, the Placing Agent may, in its sole and absolute discretion, terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, which notice may be given at any time prior to the completion date of the Placing.

### **Completion**

Completion of the Placing shall take place within three (3) Business Days following expiry of the Placing Period, and in any event no later than the Placing Long Stop Date (or such later date as may be agreed in writing).

### **General Mandate**

The Placing Shares will be issued and allotted under the General Mandate. As at the date of this announcement, the General Mandate has not been utilized since it was granted and the number of new Shares that could be issued by the Company under the General Mandate is 31,439,450 Shares.

### **Application for listing**

The Company will apply to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.



**Fund raising activities which have been announced by the Company during the past 12 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 as stated in the announcement(s)</b>	<b>Actual use of proceeds</b>
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; and approximately HK\$5.45 million was applied as general working capital of the Group.
3 April 2012	Issue of convertible bonds	HK\$98,000,000	For the redemption of the convertible notes issued by the Company on 28 December 2010 and as general working capital of the Group	– (Note)

*Note:* Such issue of convertible bonds has not been completed as at the date of this announcement.

**Shareholding structure of the Company**

Set out below are (i) the shareholding structure of the Company as at the date of this announcement; (ii) immediately after completion of the Placing (before conversion of the Convertible Bonds); (iii) immediately after conversion of the Convertible Bonds (assuming full exercise of the conversion rights attached to the Convertible Bonds at the conversion price of HK\$0.08 and before completion of the Placing); and (iv) immediately after (a) conversion of the Convertible Bonds (assuming full exercise of the conversion rights attached to the Convertible Bonds at the conversion price of HK\$0.08) and (b) completion of the Placing):

	(i) As at date of this announcement		(ii) Immediately after completion of the Placing (before conversion of the Convertible Bonds)		(iii) Immediately after conversion of the Convertible Bonds (assuming full exercise of the conversion rights attached to the Convertible Bonds at the conversion price of HK\$0.08 and before completion of the Placing) (Note 4)		(iv) Immediately after (a) conversion of the Convertible Bonds (assuming full exercise of the conversion rights attached to the Convertible Bonds at the conversion price of HK\$0.08) and (b) completion of the Placing (Note 4)	
	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %
Wide Fine International Limited (Note 1)	12,706,250	8.08%	12,706,250	6.75%	12,706,250	0.90%	12,706,250	0.90%
View Good International Limited (Note 2)	17,500,000	11.13%	17,500,000	9.30%	17,500,000	1.24%	17,500,000	1.24%
Nicky International Limited (Note 3)	10,800,000	6.87%	10,800,000	5.74%	10,800,000	0.77%	10,800,000	0.77%
Placees	-	-	31,000,000	16.47%	-	-	31,000,000	2.20%
Holders of the Convertible Bonds	-	-	-	-	1,250,000,000	88.83%	1,250,000,000	86.91%
Other public Shareholders	116,191,000	73.92%	116,191,000	61.74%	116,191,000	8.26%	116,191,000	8.07%
<b>Total</b>	<b>157,197,250</b>	<b>100%</b>	<b>188,197,250</b>	<b>100%</b>	<b>1,407,197,250</b>	<b>100%</b>	<b>1,438,197,250</b>	<b>100%</b>

*Notes:*

- Wide Fine International Limited is beneficially and wholly owned by Mr. Wong Kam Leong (“**Mr. Wong**”), an executive Director.
- View Good International Limited is beneficially and wholly owned by Ms. Tam Sio Wan, the wife of Mr. Wong.
- 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.

## **REASONS FOR THE CB PLACING AND THE PLACING**

The Company is incorporated in Bermuda with limited liability. The Group is principally engaged in (i) manufacturing and sales of paper products, (ii) money-lending business and (iii) biodegradable materials manufacturing business.

The Directors are of the view that the CB Placing and the Placing represents a good opportunity to raise additional funds for the Company. If the conversion rights of the Convertible Bonds are exercised, it will enlarge the shareholder and capital bases of the Company.

## **USE OF PROCEEDS**

Assuming the Convertible Bonds in the aggregate principal amount of HK\$100,000,000 are successfully placed by the Placing Agent, the net proceeds from the CB Placing (after deducting related expenses) is estimated to be approximately HK\$96.45 million, resulting in the net conversion price of approximately HK\$0.077 for each Conversion Share. The net placing price per Placing Share will be approximately HK\$0.1129.

Assuming a maximum of 31,000,000 Placing Shares are successfully placed by the Placing Agent, the aggregate gross proceeds and net proceeds from the Placing will be approximately HK\$3.7 million and HK\$3.5 million, respectively.

The Company intends to use the funds raised from the CB Placing and the Placing for the Company's general working capital.

## **GENERAL**

The Placing is not subject to Shareholders' approval as the Placing Shares will be issued under the General Mandate.

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

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

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:00 a.m. on 27 July 2012 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares with effect from 9:00 a.m. on 30 July 2012.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and phrases have the following meanings:

“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CB Placee(s)”	any individuals, corporate, institutional investors or other investors procured by or on behalf of the Placing Agent to subscribe for the Convertible Bonds pursuant to the Placing Agent’s obligations under the CB Placing Agreement
“CB Placing”	the placing of the Convertible Bonds by or on behalf of the Placing Agent to the CB Placees pursuant to the CB Placing Agreement
“CB Placing Agreement”	the CB Placing Agreement dated 26 July 2012 and entered into between the Company and the Placing Agent in respect of the Placing
“CB Placing Period”	the period commencing upon the execution of the CB Placing Agreement and terminating at 5:00 p.m. on 31 October 2012, unless terminated earlier in writing
“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)
“Conversion Price”	at HK\$0.08 per Conversion Share, subject to adjustments as set out and in accordance with the terms and conditions of the Convertible Bonds
“Conversion Share(s)”	a maximum of 1,250,000,000 new Shares to be allotted and issued by the Company upon exercise of the conversion right attached to the Convertible Bonds
“Convertible Bonds”	the convertible bonds in the principal amount of HK\$100,000,000 to be issued by the Company pursuant to the CB Placing Agreement

“Convertible Bond Instrument”	The instrument under and pursuant to which the Convertible Bonds shall be created and issued, which instrument shall be executed by the Company by way of a deed poll
“Director(s)”	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”	Rules Governing the Listing of Securities on GEM
“General Mandate”	the authorisation granted to the Directors pursuant to an ordinary resolution of the Company passed on 13 June 2012 to allot and issue up to 31,439,450 new Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	parties which are not connected persons of the Company (as defined in the GEM Listing Rules) and are independent of the Company and its connected persons
“Last Trading Day”	26 July 2012, being the last trading day immediately prior to the release of this announcement
“Placee(s)”	any individuals, corporate, institutional investors or other investors procured by or on behalf of the Placing Agent to subscribe for the Placing Shares pursuant to the Placing Agent’s obligations under the CB Placing Agreement
“Placing”	the placing of the Placing Shares by or on behalf of the Placing Agent to the Placees pursuant to the Placing Agreement
“Placing Agent”	FT Securities Limited, a corporate licensed to carry out on type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 5 (advising on futures contracts) and type 9 (asset management) regulated activities under the SFO

“Placing Agreement”	the Placing Agreement dated 27 July 2012 and entered into between the Company and the Placing Agent in respect of the Placing
“Placing Long Stop Date”	14 September 2012, being the date of which the Placing Agreement will lapse if the conditions precedent in the Placing Agreement are not fulfilled (or such later date as may be agreed in writing)
“Placing Period”	the period commencing upon the execution of the Placing Agreement and terminating at 5:00 p.m. on 31 August 2012, unless terminated earlier in writing
“Placing Share(s)”	a maximum of 31,000,000 new Shares to be allotted and issued by the Company pursuant to the Placing Agreement
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	a special general meeting of the Company to be convened to consider and, if thought fit, passing the relevant resolution to approve the CB Placing Agreement and the transaction contemplated thereunder, including the Placing and the issue of the Conversion Shares under the Specific Mandate
“Share(s)”	existing issued share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Shares
“Specific Mandate”	the specific mandate to be sought from Shareholders at the SGM to authorise the Directors to allot and issue up to 1,250,000,000 Conversion Shares under the Placing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers and Share Repurchases published by the Securities and Futures Commission
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“%”

per cent.

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

Hong Kong, 28 July 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 respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading. This announcement will remain at [www.hkgem.com](http://www.hkgem.com) on the “ Latest Company Announcements” page of the GEM website for at least 7 days from the date of its posting and on the Company website at [www.long-success.com](http://www.long-success.com).*

\* *For identification purpose only*