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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**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 licensed securities dealer, registered institution 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 to the purchaser or the transferee or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sales or transfer was effected for transmission to the purchaser or the transferee.

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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)

### PLACING OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE AND NOTICE OF SPECIAL GENERAL MEETING

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A notice convening a special general meeting of the Company to be held at 11:00 a.m. on Thursday, 20 September 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 21 to 22 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](http://www.hkgem.com) for at least 7 days from the date of its posting and the Company website at [www.long-success.com](http://www.long-success.com).

\* for identification purpose only

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## CHARACTERISTICS OF GEM

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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

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*In this circular, unless the context otherwise requires, capitalized terms used shall have the following meanings:*

“Announcement”	the announcement of the Company dated 28 July 2012 in relation to, among other things, the placing of the Convertible Bonds under the Specific Mandate
“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 CB 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 up to HK\$100,000,000 to be issued by the Company pursuant to the CB Placing Agreement

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## DEFINITIONS

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“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
“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
“Latest Practicable Date”	31 August 2012 being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Maturity Date”	31 August 2015
“Placing Agent”	FT Securities Limited, a corporate licensed to carry out on type 1 (dealing in securities), and type 4 (advising on securities) regulated activities under the SFO
“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 CB 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

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## DEFINITIONS

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“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 CB 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.

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## LETTER FROM THE BOARD

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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)

*Executive Directors:*

Mr. Wong Kam Leong (*Chairman*)

Mr. Hu Dongguang (*Chief Executive Officer*)

Mr. Wu Bingxiang

Dr. Guo Wanda

*Registered office in Bermuda:*

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

*Independent Non-executive Directors:*

Mr. Ng Kwok Chu, Winfield

Mr. Ng Chau Tung, Robert

Mr. Tse Ching Leung

Mr. Wang Qingyi

*Principal place of business*

*in Hong Kong:*

26/F., EIB Centre

40-44 Bonham Strand

Sheung Wan

Hong Kong

4 September 2012

*To the Shareholders*

Dear Sir or Madam,

### **PLACING OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE AND NOTICE OF SPECIAL GENERAL MEETING**

#### **INTRODUCTION**

Reference is made to the Announcement in relation to, among other things, the placing of Convertible Bonds under the Specific Mandate. On 28 July 2012, 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.

The purpose of this circular is to provide you with, among other things, (i) further information regarding the CB Placing; and (ii) 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, the CB Placing Agreement and the transaction contemplated thereunder, including the CB Placing and the issue of the Conversion Shares.

\* for identification purpose only

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## LETTER FROM THE BOARD

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### 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:



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## LETTER FROM THE BOARD

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- (i) a discount of approximately 34.96% to the closing price of HK\$0.123 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (ii) a discount of approximately 45.95% to the closing price of HK\$0.148 per Share as quoted on the Stock Exchange on the date of the CB Placing Agreement;
- (iii) 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; and
- (iv) a discount of approximately 20.00% to the average closing price of HK\$0.10 per Share as quoted on the Stock Exchange for the last ten 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.

The terms of the Conversion Bonds, particularly the Conversion Price, were arrived at after arm's length negotiations between the Company and the Placing Agent in view of (a) the average trading volume of the Shares; (b) the finance performance of the Company; (c) the prevailing market price of the Shares; and (d) the recent negative investor sentiment caused by the European sovereign debt crisis.

The average trading volume of the Shares in the three months immediately before the Last Trading Day was less than 1 million Shares per trading day, representing less than 0.7% of the total issued Shares. The Group also recorded a net loss of approximately HK\$52 million for the 2012 financial year compared to approximately HK\$28 million for the 2011 financial year. Additionally, market price of the Shares fell by approximately 86.04% year-to-date to HK\$0.148 per share as at the Last Trading Day compared to the Hang Seng Index, which rose marginally by 0.08% over the same period.

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## LETTER FROM THE BOARD

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Taking into account the aforementioned reasons, the Directors are of the view that the Conversion Price at approximately 46% discount to the closing price of the Shares on the date of the CB Placing Agreement is structured to attract 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) capitalization 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 if and whenever the Company shall wholly for cash (a) issue any Shares; or (b) issue or grant options, warrants or other rights to subscribe for or purchase Shares in accordance with the Convertible Bond Instrument;
- (vii) issue of Shares upon conversion or exchanges if and whenever the Company or any Subsidiary (as defined below), any other company, person or entity shall issue wholly for cash, any securities (other than the Convertible Bond) which by their terms of issue carry rights of conversion into, or exchange or subscription in accordance with the Convertible Bond Instrument;
- (viii) modification of rights of conversion or exchange if and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in the Convertible Bond Instrument; and

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## LETTER FROM THE BOARD

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- (ix) offers for shares if and whenever the Company or any Subsidiary or any other company, person or entity issues, sells or distributes any securities in connection with an offer pursuant to which Shareholders generally are entitled to participate in arrangements whereby such securities may be acquired by them in accordance with the Convertible Bond Instrument.

**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 Conversion 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.

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## LETTER FROM THE BOARD

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Limitations on conversion of  
the Convertible Bonds:

The Company shall not be required to issue any of the 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 the conversion rights as set out above.

The Company shall not be required to issue any Conversion Shares, if, as a result of the relevant exercise of the conversion rights as set out above, 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 be 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.

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## LETTER FROM THE BOARD

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### *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. 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

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## LETTER FROM THE BOARD

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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

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## LETTER FROM THE BOARD

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(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;

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## LETTER FROM THE BOARD

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- (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.

In any event, the Company shall not be required to issue any of the 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 the conversion rights as set out above.

The Company shall not be required to issue any Conversion Shares, if, as a result of the relevant exercise of the conversion rights as set out above, 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.

Conversion period:

The period commencing from the date of issue of the Convertible Bonds and ending on the date which falls on the fifth (5th) Business Day before the Maturity Date, both dates inclusive.



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## LETTER FROM THE BOARD

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Ranking:	Shares issued upon exercise of the conversion rights as set out above shall rank <i>pari passu</i> 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 GEM 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 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.

Apart from the conditions precedent set out in (d), none of the conditions above can be waived by the Placing Agent.

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.

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## LETTER FROM THE BOARD

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### 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.

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## LETTER FROM THE BOARD

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### REASONS FOR THE CB 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 have considered other financing options such as rights issue, open offer and bank borrowings. For rights issue or open offer, the Board is of the view that Shareholders' response to rights issue or open offer would be uncertain given the losses sustained by the Company in the years ended 31 March 2011 and 2012. In addition, whether sufficient funds can be raised through rights issue or open offer highly depends on the support of major Shareholders as subscription monies to be contributed by them are material. As at the date hereof, the preferences of the major Shareholders whether to participate in the rights issue or open offer remained uncertain. In respect of bank borrowings, it may not be feasible as the Company may not be able to obtain loan facilities from its existing banks or other banks given the Group's financial performance. In addition, loan facilities may also involve high borrowing costs and loan covenants.

The Directors are of the view that the CB 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.

On 17 November 2011, the Company received a redemption notice from Concept Capital (the "Noteholder") requesting for the redemption of convertible notes (the "Convertible Notes") in the principal amount of RMB70,000,000 and its accreted portion, together with the accrued but unpaid interest. On 2 August 2012, the Company received a letter from the legal representative of the Noteholder to demand payment of RMB80,489,480.31, the aggregate sum of the accreted principal amount and the accrued interest, to the Noteholder with further interest up to the date of payment by 9 August 2012. As at the Latest Practicable Date, the Company is in consultation with its lawyers to explore on the best course of action. The schedule of the redemption of the Convertible Notes and repayment of accrued interest has not been finalized.

While the Company generated approximately HK\$64 million in cash from its operations during the 2012 financial year, the Company notes that the positive cash flow is largely attributable to the increase in the bank acceptance note issued. Increase in bank acceptance note issued rose by approximately 118.8% year-on-year to HK\$91 million during the 2012 financial year.

As at 31 March 2012, the Company has issued bank acceptance notes in the amount of approximately HK\$157 million with maturity within six months. In addition, the Company has sustained a loss of approximately HK\$15 million for the 3 months ended 30 June 2012.

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## LETTER FROM THE BOARD

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Assuming the Convertible Bonds are fully placed, the Company intends to use the proceeds raised from the CB Placing, subject to the schedule of repayment to be agreed with the Noteholder, to redeem the Convertible Notes and to repay interests of the Convertible Notes. The remaining proceeds will be used for the Company's general working capital, which comprise of the expenses and cash flows related to the Company's paper product business, biodegradable product business and money-lending business and day to day operations. The Company will make further announcement(s) to inform Shareholders of any further developments in relation to the redemption of the Convertible Notes as and when appropriate in accordance with the GEM Listing Rules.

In the event that the CB Placing and placing of Shares under general mandate as disclosed in the announcement dated 28 July 2012 fails to complete, the Company may (a) consider other fund raising alternatives to strengthen the capital base of the Company; (b) negotiate with the Noteholder on the schedule for the redemption of the Convertible Notes; (c) tighten cost controls over various operating expense, with an aim to attain positive cash flow; and (d) liquidate assets of the Company.

### **Fund raising activities which have been announced by the Company during the past 12 months immediately preceding the Latest Practicable Date**

Date of announcement	Event	Net proceeds raised	Intended use of proceeds as stated in the announcement(s)	Actual use of proceeds
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 1)
28 July 2012	Placing of Shares under general mandate	Estimated to be approximately HK\$3,500,000	For general working capital of the Group	(Note 2)

*Note 1:* The issue of Convertible Bonds lapsed on 31 July 2012

*Note 2:* As at the Latest Practicable Date, the placing of shares under general mandate is still ongoing and is expected to complete on or before 14 September 2012.

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.

## LETTER FROM THE BOARD

### Shareholding structure of the Company

Set out below are (i) the shareholding structure of the Company as at the Latest Practicable Date; (ii) 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 (iii) 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) conversion of all outstanding convertible securities of the Company):

		(i) As at the Latest Practicable Date		(ii) 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) (Note 5)		(iii) 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) conversion of all outstanding convertible securities of the Company (Note 5)	
		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	0.90%	12,706,250	0.87%
View Good International Limited	(Note 2)	17,500,000	11.13%	17,500,000	1.24%	17,500,000	1.19%
Nicky International Limited	(Note 3)	10,800,000	6.87%	10,800,000	0.77%	10,800,000	0.74%
Holder of other Convertible Securities excluding Directors	(Note 4)	-	-	-	-	56,415,165	3.84%
Convertible Securities Held by Directors						3,185,000	0.22%
Holders of the Convertible Bonds		-	-	1,250,000,000	88.83%	1,250,000,000	85.22%
Other public Shareholders		116,191,000	73.92%	116,191,000	8.26%	116,191,000	7.92%
<b>Total</b>		<b>157,197,250</b>	<b>100%</b>	<b>1,407,197,250</b>	<b>100%</b>	<b>1,466,797,415</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.
- Existing outstanding convertible securities of the Company (“**Convertible Securities**”) include options Convertible into 11,260,025 new Shares; unlisted warrants convertible into 7,500,000 new Shares and unlisted Convertible Notes convertible into 40,840,140 new Shares. The options refer to the options granted under the Company’s share option scheme.

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## LETTER FROM THE BOARD

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5. 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 as set out in the Convertible Bond Instrument, 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.

### **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.

### **SGM**

A notice convening the SGM to be held at 11:00 a.m. on Thursday, 20 September 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 21 to 22 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, the CB Placing Agreement and the transaction contemplated thereunder, including the CB Placing and the issue of the Conversion Shares.

The CB Placing 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 placing of the Convertible Bonds. Accordingly, no Shareholder is required to abstain from voting of the ordinary resolution in respect of the CB Placing Agreement and the transaction contemplated thereunder.

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.

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 the CB Placing Agreement and the transaction contemplated thereunder, including the CB Placing and the issue of the Conversion Shares 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 to vote in favor of the ordinary resolutions to be proposed at the SGM to approve the CB Placing Agreement and the transaction contemplated thereunder, including the CB Placing and the issue of the Conversion Shares.

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## LETTER FROM THE BOARD

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### 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 respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

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

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## NOTICE OF SGM

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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)

#### 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 11:00 a.m. on Thursday, 20 September 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 resolution of the Company:

#### ORDINARY RESOLUTION

**“THAT:**

- (i) the execution of the convertible bonds placing agreement dated 26 July 2012 (the “**CB Placing Agreement**”, a copy of which is marked “A” and initiated by the chairman of the SGM for identification purpose and tabled at the SGM) between the Company and FT Securities Limited (the “**Placing Agent**”), pursuant to which 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 of up to an aggregate principal amount of HK\$100,000,000, with the right to convert at the conversion price of HK\$0.08 (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 issuance of the Convertible Bonds by the Company to the Placing Agent in accordance with the terms and conditions of the CB Placing Agreement and the terms and conditions of the Convertible Bonds attached to the CB Placing Agreement and all transactions thereunder be and are hereby approved, ratified and confirmed;
- (iii) the issuance and allotment of up to a maximum number of 1,250,000,000 new ordinary shares of HK\$0.01 each in the Company (“**Conversion Shares**”) at the conversion price of HK\$0.08 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; and

\* for identification purpose only



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## NOTICE OF SGM

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- (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 CB Placing 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 CB Placing Agreement and all transactions contemplated thereunder and are in the interests of the Company.”

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

Hong Kong, 4 September 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

*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.