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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)

(A) PROPOSED CAPITAL REORGANISATION;

**(B) VERY SUBSTANTIAL ACQUISITION AND
CONNECTED TRANSACTION**

**IN RELATION TO THE ACQUISITION OF 70% EQUITY INTEREST IN
HONG KONG AUTOMOBILE RESTORATION GROUP LIMITED;**

(C) REVERSE TAKEOVER INVOLVING A NEW LISTING APPLICATION;

**(D) PROPOSED OPEN OFFER AT HK\$0.43 PER OFFER SHARE ON THE
BASIS OF FIVE (5) OFFER SHARES FOR EVERY THREE (3) ADJUSTED
SHARES HELD ON RECORD DATE;**

(E) APPLICATION FOR WHITEWASH WAIVER; AND

(F) UPDATE ON THE STATUS OF THE RESUMPTION

Financial Adviser to Long Success International (Holdings) Limited



Underwriter of the Open Offer



* For identification purpose only

BACKGROUND

On 3 December 2013, trading in the Shares was suspended pending the release of inside information. Subsequently on 14 March 2014, the Company announced that it had lost the actual power of control over Jining Gangning as the Company could no longer control or interfere with any decision making by the board of directors of Jining Gangning. Therefore, the Board decided to deconsolidate the financial information of Jining Gangning (the then principal operating subsidiary of the Company). Since deconsolidation, the Company has been engaged only in the trading of wine and alcohol business (since September 2013) and the trading of timber business (since June 2014) and the gross profits derived therefrom are minimal and insufficient to cover its administrative expenses.

The Stock Exchange indicated that trading in the Shares could only be resumed after the Company has demonstrated that it has a sufficient level of operations or assets as required by Rule 17.26 of the GEM Listing Rules after the deconsolidation of the financial information of Jining Gangning. On 12 September 2014, the Company received a letter from the Stock Exchange, which stated, among other things, that (i) the loss of control over Jining Gangning has substantially reduced the Company's business scale to a level raising its concern over the Company's compliance with Rule 17.26 of the GEM Listing Rules; (ii) trading could only be resumed if the Company could demonstrate it has a viable and sustainable business to support its continued listing after the deconsolidation; and (iii) there had been no business plan with concrete details to show any substantial growth or improvement in the scale of operations or financial position of the wine and alcohol trading business or the timber trading business in the near future. Under Rule 9.16 of the GEM Listing Rules, on the expiry of any period specified by the Stock Exchange, the Stock Exchange may give notice to cancel the listing with immediate effect or, where the Company has responded with proposals satisfactory to the Stock Exchange, the Stock Exchange may exercise its discretion to extend the period within which the Company will be expected to have remedied those matters that gave rise to the Stock Exchange's proposal to cancel the listing.

The Company received a letter from the Stock Exchange dated 21 November 2014 stating that it would proceed with cancellation of the Company's listing under Rule 9.14 of the GEM Listing Rules and requested the Company to submit a resumption proposal to demonstrate that it has sufficient level of operations or assets as required by Rule 17.26 of the GEM Listing Rules by 5 May 2015, failing which the Stock Exchange would proceed with cancelling the Company's listing. The Company has made a submission relating to the Resumption Proposal setting out details in respect of, among other things, the Acquisition, the Open Offer and the Capital Reorganisation to the Stock Exchange on 5 May 2015.

THE ACQUISITION

With a view to submitting a viable resumption proposal to the Stock Exchange, the Group has been actively looking for an acquisition target in order to comply with the minimum operating cash flow requirement under Rule 11.12A(1) of the GEM Listing Rules. Subsequently, on 4 May 2015, the Purchaser (a direct wholly-owned subsidiary of the Company), the Vendors and the Guarantors entered into the Acquisition Agreement, pursuant to which, among other things, the Purchaser conditionally agreed to acquire, and the Vendors conditionally agreed to sell, the 70% equity interest in Hong Kong Automobile Restoration Group Limited, the Target Company, for the Consideration of HK\$122.85 million. The Consideration is to be satisfied (i) as to HK\$35 million in cash; (ii) as to HK\$15 million by the issue of Promissory Notes; and (iii) as to HK\$72.85 million by the issue and allotment of 169,418,604 Consideration Shares (representing approximately 30.2% of the issued share capital of the Company after adjustment for the Capital Reorganisation and as enlarged by the issue of the Consideration Shares and the Offer Shares) to the Vendors. The Target Group is principally engaged in auto detailing services and auto repair and maintenance services under the “CARs” and “Challenger” brands in Hong Kong. The Acquisition is conditional upon, among other things, completion of the Open Offer, the Capital Reorganisation becoming effective, and the granting of the Whitewash Waiver by the Executive. Acquisition Completion will take place simultaneously with the completion of the Open Offer. Upon Acquisition Completion, the Target Company will become an indirect 70%-owned subsidiary of the Company.

THE OPEN OFFER

Further, in order to, among other things, finance the Acquisition and to fund the working capital of the Enlarged Group following Acquisition Completion, the Company also proposed to carry out the Open Offer and accordingly entered into the Underwriting Agreement with the Underwriter on 4 May 2015.

The Board proposes to raise not less than approximately HK\$105.2 million before expenses by way of issuing not less than 244,699,541 Offer Shares (assuming no further issue or repurchase of Shares or Adjusted Shares between the date of this announcement and the Record Date); and to raise not more than approximately HK\$105.5 million before expenses by way of issuing not more than 245,445,375 Offer Shares (assuming all the Share Options are exercised in full on or before the Record Date), at the Subscription Price of HK\$0.43 per Offer Share on the basis of five (5) Offer Shares for every three (3) Adjusted Shares held on the Record Date.

The Open Offer is only available to the Qualifying Shareholders and will not be available to the Non-Qualifying Shareholders. The net proceeds of the Open Offer are estimated to be not less than approximately HK\$102.1 million and not more than approximately HK\$102.4 million. The net proceeds are intended to be used as to (i) HK\$35 million for the settlement of the cash portion of the Consideration in respect of the Acquisition; (ii) HK\$3.9 million for the settlement of the outstanding accrued expenses of the Group; (iii) HK\$2.7 million for the settlement of the outstanding trade payables of the Group; (iv) HK\$4 million for the settlement of the loan borrowed by the Group from a Director; (v) HK\$39 million for the settlement of the loans borrowed by the Group from a Shareholder; and (vi) HK\$17.5 million to HK\$17.8 million (being the residual amount of the net proceeds) for the general working capital of the Enlarged Group. The Open Offer will be fully underwritten by the Underwriter, on the terms and subject to the conditions set out in the Underwriting Agreement.

The Open Offer will be conditional upon, among other things, the Capital Reorganisation becoming effective. The Open Offer will complete at the same time as Acquisition Completion.

THE CAPITAL REORGANISATION

The Board also proposes to implement the Capital Reorganisation involving, among other things, (i) the Share Consolidation; (ii) the Capital Reduction; (iii) the Capital Increase; and (iv) the Share Premium Reduction, which shall be effective prior to Acquisition Completion and completion of the Open Offer.

WARNING OF THE RISKS OF DEALING IN THE SHARES

Each of the Acquisition and the Open Offer is conditional upon, inter alia, the fulfillment of the conditions set out respectively under the paragraph headed “Conditions precedent” under the section headed “The Acquisition” and the paragraph headed “Conditions of the Open Offer” under the section headed “The Open Offer”. Therefore, the Acquisition and the Open Offer, which are inter-conditional on each other, may or may not proceed.

Any dealing in the Shares from the date of this announcement up to the date on which all the conditions of the Acquisition Agreement and Underwriting Agreement are fulfilled will accordingly bear the risk that the Acquisition and the Open Offer may not become unconditional or may not proceed. The issuance of this announcement does not mean that the trading in the Shares will be resumed or the listing of the Offer Shares and the Consideration Shares will be approved by the Stock Exchange.

Any Shareholders or other persons contemplating dealings in the Shares are recommended to consult their own professional advisers. The Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares.

IMPLICATIONS UNDER THE GEM LISTING RULES AND THE TAKEOVERS CODE

As certain of the applicable percentage ratios in respect of the Acquisition exceed 100%, the Acquisition constitutes a very substantial acquisition of the Company and therefore subject to notification, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendors, the ultimate beneficial owners of the Vendors (including the Guarantors) and Mr. Wong (a holder of 15% equity interest in the Target Company) is an Independent Third Party in respect of the Company and none of them is a Shareholder. However, as Mr. Kwok Ying Ming, who owns 100% interest in Eversky (which is a substantial shareholder of the Target Company), is proposed to be the Director upon Acquisition Completion, the Acquisition also constitutes a connected transaction for the Company pursuant to Rule 20.26 of the GEM Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Assuming no further Shares or Adjusted Shares will be issued by the Company prior to Acquisition Completion and completion of the Open Offer, the Vendors will have more than 30% voting rights in the issued share capital of the Company as a result of the issue of the Consideration Shares. The Vendors will, in the absence of the Whitewash Waiver, be obliged to make a mandatory general offer for all the Adjusted Shares not already owned or agreed to be acquired by them pursuant to Rule 26 of the Takeovers Code as a result of the issue of the Consideration Shares to the Vendors or their respective nominee (which, if nominated, will be a wholly-owned subsidiary of the relevant Vendor) upon Acquisition Completion. The Vendors will apply to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code on the basis that, among other things, the Acquisition and the Whitewash Waiver shall be subject to the approval by the Independent Shareholders at the SGM on a vote taken by way of a poll whereby the Concert Group, Mr. Kaneko Hiroshi and his associates and those Shareholders who are involved in or interested in the Acquisition, the Whitewash Waiver and/or the Open Offer will abstain from voting. The Executive may or may not grant the Whitewash Waiver. If the Whitewash Waiver is not granted by the Executive or is not approved by the Independent Shareholders, the Acquisition and the Open Offer will not become unconditional and will not proceed.

Further, the Acquisition constitutes a reverse takeover of the Company under Rule 19.06(6)(a) of the GEM Listing Rules, on the basis that the Acquisition constitutes a very substantial acquisition of the Company and the Vendors will become the controlling shareholders of the Company upon Acquisition Completion, the Company is being treated as if it were a new listing applicant. The Acquisition is therefore also subject to the approval of the GEM Listing Committee of a new listing application to be made by the Company. Such new listing application is required to comply with all the requirements under the GEM Listing Rules, in particular the requirements under Chapters 11 and 12 of the GEM Listing Rules.

As the Open Offer will increase the issued share capital of the Company by more than 50%, pursuant to Rule 10.39 of the GEM Listing Rules, the Open Offer and the transactions contemplated under the Underwriting Agreement will be subject to the approval by the Independent Shareholders at the SGM by way of poll. Pursuant to Rule 10.39 of the GEM Listing Rules, any controlling shareholders and their associates or, where there are no controlling shareholders, the directors (excluding the independent non-executive directors) and the chief executive of a company and their respective associates shall abstain from voting in favour of the resolution relating to the Open Offer. As at the date of this announcement, Mr. Kaneko Hiroshi, the Chairman of the Company and one of the executive Directors, holds 80,000,000 Shares, representing 5.45% of the existing issued share capital of the Company. As at the date of this announcement, the Company does not have any controlling shareholders and none of the Directors (save and except for Mr. Kaneko Hiroshi) or the Concert Group has any interest in any Shares. Mr. Kaneko Hiroshi and his associates will therefore abstain from voting at the SGM in respect of the Open Offer. As the Acquisition and the Open Offer are inter-conditional upon each other, the Concert Group, Mr. Kaneko Hiroshi and his associates and those Shareholders who are involved in or interested in the Acquisition, the Whitewash Waiver and/or the Open Offer will therefore also abstain from voting at the SGM in respect of the Acquisition and the Whitewash Waiver.

The proposed Capital Reorganisation is conditional upon, among other things, the approval by the Shareholders by way of poll at the SGM. None of the Shareholders or their associates would have any interest in the Capital Reorganisation which is different from that of other Shareholders. Accordingly, no Shareholders shall abstain from voting in favour of the resolutions relating to the Capital Reorganisation at the SGM.

UPDATE ON THE RESUMPTION PROPOSAL

Subsequent to the entering into of the Acquisition Agreement and the Underwriting Agreement, on 5 May 2015, the Company made a submission in relation to the Resumption Proposal, involving inter alia the Capital Reorganisation, the Acquisition and the Open Offer, to the Stock Exchange. The Company will endeavour to seek the approval of the Stock Exchange for the Resumption. Further announcement(s) regarding the Resumption Proposal and the expected timetable for the Open Offer (subject to the approval on the Resumption Proposal by the Stock Exchange) will be made by the Company as and when appropriate. As mentioned above, the Acquisition (which forms part of the Resumption Proposal) constitutes a reverse takeover of the Company under Rule 19.06(6)(a) of the GEM Listing Rules. Accordingly, the Company is being treated as if it were a new listing applicant and the Acquisition is subject to the approval of the GEM Listing Committee of a new listing application. As at the date of this announcement, the Company has not yet made any new listing application in respect of the Acquisition to the Stock Exchange. The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, an extension of the deadline for submission of the new listing application in respect of the Acquisition on or before Friday, 30 October 2015.

GENERAL

The Independent Board Committee, which will comprise the independent non-executive Directors, will be formed to advise the Independent Shareholders in respect of the Acquisition, the Open Offer and the Whitewash Waiver. The Independent Financial Adviser will be appointed by the Company with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Acquisition, the Whitewash Waiver and the Open Offer are fair and reasonable so far as the Independent Shareholders are concerned, whether they are on normal commercial terms or better, whether they are in the interests of the Company and the Shareholders as a whole and as to how to vote at the SGM. A further announcement will be made upon the appointment of the Independent Financial Adviser.

A circular containing, among other things, (i) details of the Capital Reorganisation; (ii) details of the Acquisition Agreement; (iii) details of the Open Offer and the Underwriting Agreement; (iv) details of the Whitewash Waiver; (v) financial information of the Group; (vi) financial information of the Target Group; (vii) unaudited pro forma financial information of the Enlarged Group; (viii) letter of advice from the Independent Board Committee; (ix) letter of advice from the Independent Financial Adviser; (x) notice of the SGM; and (xi) other information as required under the GEM Listing Rules, will be despatched to the Shareholders as soon as practicable.

Pursuant to Rule 8.2 of the Takeovers Code, the Company is required to despatch the circular to the Shareholders within 21 days of the date of this announcement. As additional time is required for the Company and the professional parties to conduct further due diligence on the Target Group and to prepare information including but not limited to the financial information of the Group, the financial information of the Target Group and the unaudited pro forma consolidated financial information of the Enlarged Group for inclusion in the circular, the circular is expected to be despatched to the Shareholders on or before Thursday, 31 December 2015, subject to the consent of the Executive and the approval of the Stock Exchange on the Resumption Proposal. As such, the Company will apply to the Executive pursuant to Rule 8.2 of the Takeovers Code for its consent to extend the time limit for the despatch of the circular and an announcement will be made upon the despatch of the circular.

Subject to the Resumption Proposal being approved by the Stock Exchange and the Open Offer being approved by the Independent Shareholders at the SGM, the Company will also despatch the Offering Documents to each of the Qualifying Shareholders and, for information only, the Offering Circular to each of the Non-Qualifying Shareholders (if any).

CONTINUED SUSPENSION OF TRADING IN THE SHARES

Trading in the shares of the Company has been suspended since 3 December 2013 and will remain suspended until further notice.

BACKGROUND

References are made to the announcements of the Company dated 24 November 2014 and 30 May 2015 respectively.

On 3 December 2013, trading in the Shares was suspended pending the release of inside information. Subsequently on 14 March 2014, the Company announced that it had lost the actual power of control over Jining Gangning as the Company could no longer control or interfere with any decision making by the board of directors of Jining Gangning. Therefore, the Board decided to deconsolidate the financial information of Jining Gangning (the then principal operating subsidiary of the Company). Since deconsolidation, the Company has been engaged only in the trading of wine and alcohol business (since September 2013) and the trading of timber business (since June 2014) and the gross profits derived therefrom are minimal and insufficient to cover its administrative expenses.

The Stock Exchange indicated that trading in the Shares could only be resumed after the Company has demonstrated that it has a sufficient level of operations or assets as required by Rule 17.26 of the GEM Listing Rules after the deconsolidation of the financial information of Jining Gangning. On 12 September 2014, the Company received a letter from the Stock Exchange, which stated, among other things, that (i) the loss of control over Jining Gangning has substantially reduced the Company's business scale to a level raising its concern over the Company's compliance with Rule 17.26 of the GEM Listing Rules; (ii) trading could only be resumed if the Company could demonstrate it has a viable and sustainable business to support its continued listing after the deconsolidation; and (iii) there had been no business plan with concrete details to show any substantial growth or improvement in the scale of operations or financial position of the wine and alcohol trading business or the timber trading business in the near future. Under Rule 9.16 of the GEM Listing Rules, on the expiry of any period specified by the Stock Exchange, the Stock Exchange may give notice to cancel the listing with immediate effect or, where the Company has responded with proposals satisfactory to the Stock Exchange, the Stock Exchange may exercise its discretion to extend the period within which the Company will be expected to have remedied those matters that gave rise to the Stock Exchange's proposal to cancel the listing.

The Company received a letter from the Stock Exchange dated 21 November 2014 stating that it would proceed with cancellation of the Company's listing under Rule 9.14 of the GEM Listing Rules and requested the Company to submit a resumption proposal to demonstrate that it has sufficient level of operations or assets as required by Rule 17.26 of the GEM Listing Rules by 5 May 2015, failing which the Stock Exchange would proceed with cancelling the Company's listing. The Company has made a submission relating to the Resumption Proposal setting out details in respect of, among other things, the Acquisition, the Open Offer and the Capital Reorganisation to the Stock Exchange on 5 May 2015.

PROPOSED CAPITAL REORGANISATION

As part of the Resumption Proposal, the Board proposes to implement the Capital Reorganisation, which involves the following:

- (i) the proposed Share Consolidation whereby every ten (10) issued and unissued Shares of par value HK\$0.01 each in the existing share capital of the Company be consolidated into one (1) Consolidated Share of par value HK\$0.10 each;

- (ii) the proposed Capital Reduction whereby (a) the issued share capital of the Company be reduced by cancelling the paid up capital of the Company to the extent of HK\$0.09 on each of the then issued Consolidated Share such that the par value of each issued Consolidated Share will be reduced from HK\$0.10 to HK\$0.01 (the “**Issued Capital Reduction**”); and (b) the authorised share capital of the Company be reduced by reducing the par value of all Consolidated Shares from HK\$0.10 each to HK\$0.01 each resulting in the reduction of the authorised share capital of the Company from HK\$300,000,000 divided into 3,000,000,000 Consolidated Shares to HK\$30,000,000 divided into 3,000,000,000 Adjusted Shares of par value HK\$0.01 each;
- (iii) the proposed Capital Increase whereby the authorised share capital of the Company be increased from HK\$30,000,000 divided into 3,000,000,000 Adjusted Shares to HK\$300,000,000 divided into 30,000,000,000 Adjusted Shares;
- (iv) the proposed Share Premium Reduction whereby the entire amount standing to the credit of the Share Premium Account be reduced to nil;
- (v) the transfer of the credit amounts arising from the Issued Capital Reduction and the Share Premium Reduction to the Contributed Surplus Account; and
- (vi) the Directors will be authorised to apply any credit balance in the Contributed Surplus Account in accordance with the Bye-laws and all applicable laws (including the application of such credit balance to set off against the accumulated losses of the Company).

Effects of the Capital Reorganisation

As at the date of this announcement, the authorised share capital of the Company is HK\$300,000,000 comprising 30,000,000,000 Shares of par value HK\$0.01 each, of which 1,468,197,250 Shares have been issued and fully paid. Immediately following the Capital Reorganisation, the authorised share capital of the Company will be HK\$300,000,000 divided into 30,000,000,000 Adjusted Shares of par value HK\$0.01 each, of which 146,819,725 Adjusted Shares will be in issue and the aggregate nominal value of the issued share capital of the Company will be HK\$1,468,197.25 (assuming that no further Shares are issued or repurchased from the date of this announcement until the effective date of the Capital Reorganisation).

Based on the number of Shares in issue as at the date of this announcement, a credit of approximately HK\$13.2 million will arise as a result of the Capital Reduction. As at 31 March 2014, the amount standing to the credit of the Share Premium Account of the Company was approximately HK\$480.4 million and the entire balance of the accumulated losses of the Company was approximately HK\$509.4 million. The credit amounts arising from the Issued Capital Reduction and the Share Premium Reduction will be transferred to the Contributed Surplus Account.

Assuming that there are no changes in the issued share capital of the Company from the date of this announcement until the effective date of the Capital Reorganisation, the share capital structure of the Company will be as follows:

	As at the date of this announcement	Immediately after the Capital Reorganisation becoming effective
Authorised share capital:	HK\$300,000,000	HK\$300,000,000
Par value	HK\$0.01 per Share	HK\$0.01 per Adjusted Share
Number of authorised Shares:	30,000,000,000	30,000,000,000
Amount of issued share capital:	HK\$14,681,972.50	HK\$1,468,197.25
Number of issued shares:	1,468,197,250 Shares	146,819,725 Adjusted Shares
Amount of unissued share capital:	HK\$285,318,027.50	HK\$298,531,802.75
Number of unissued shares:	28,531,802,750 Shares	29,853,180,275 Adjusted Shares

All Adjusted Shares will rank pari passu in all respects with each other.

As at the date of this announcement, save for the Share Options entitling the holder(s) thereof to subscribe for 4,475,000 Shares (equivalent to 447,500 Adjusted Shares upon the Capital Reorganisation becoming effective) (subject to adjustments in accordance with the terms of the Share Option Scheme), the Company has no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares and rights over Shares.

The implementation of the proposed Capital Reorganisation will not, of itself, alter the underlying assets, liabilities, business, operations, management and financial position of the Group or the relative interests and rights of the Shareholders, except for the payment of the related expenses by the Company. The Board believes that the Capital Reorganisation will not have any adverse effect on the financial position of the Company and that there are no reasonable grounds in believing that the Company is, or after the Capital Reorganisation becomes effective, will be, unable to pay its liabilities as they become due. The Capital Reorganisation does not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any paid-up capital of the Company nor will it result in any change in the relative rights of the Shareholders.

Fractional entitlement to the Adjusted Shares

No Shareholder will be entitled to receive any fraction of an Adjusted Share. Fractions of the Adjusted Shares, if any, arising from the Capital Reorganisation will be aggregated and sold (if a premium, net of expenses, can be obtained) for the benefit of the Company.

Listing and dealings

An application will be made by the Company to the GEM Listing Committee for the listing of, and the permission to deal in, the Adjusted Shares.

Subject to the granting of the listing of, and the permission to deal in, the Adjusted Shares on the Stock Exchange, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Adjusted Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Further details regarding the arrangement of the Capital Reorganisation will be included in the circular relating thereto to be despatched to the Shareholders.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon:

- (i) the passing of the special resolution to approve the Capital Reorganisation by the Shareholders at the SGM;
- (ii) the GEM Listing Committee having granted the listing of, and permission to deal in, the Adjusted Shares in issue arising from the Capital Reorganisation; and
- (iii) compliance of the relevant procedures and requirements under the laws of Bermuda to effect the Capital Reorganisation.

For the avoidance of doubt, the Capital Reorganisation is not conditional upon the Acquisition or the Open Offer.

Reasons for the Capital Reorganisation

Based on the latest available financial statements of the Group, the audited accumulated losses of the Company amounted to approximately HK\$509.4 million as at 31 March 2014. The Board considers that the reduction of the accumulated losses of the Company will allow greater flexibility for the Company to consider any declaration of dividends to the Shareholders if the Board considers appropriate in the future and therefore, the Board is of the view that the implementation of the Capital Reorganisation is in the interests of the Company and the Shareholders as a whole.

THE ACQUISITION

The Acquisition Agreement

Date: 4 May 2015

Parties:

- (i) Goldbay Global Limited, as the Purchaser;
- (ii) Lofty East, as the Vendor A;
- (iii) Creation Era, as the Vendor B;
- (iv) Mr. Kwok Ying Ming, as the Guarantor A;
- (v) Mr. Lam, as the Guarantor B; and
- (vi) Mr. Cheung, as the Guarantor C.

Each of the Vendors is an investment holding company incorporated under the laws of the BVI with limited liability. The Vendor A is owned as to 45.0% by Eversky (a company wholly-owned by the Guarantor A), 25.0% by Global Central (a company beneficially owned as to 60.0% by the Guarantor A and 40.0% by Mr. Tam), 22.5% by the Guarantor B and 7.5% by the Guarantor C. The Vendor B is wholly owned by Mr. Ng.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendors, the ultimate beneficial owners of the Vendors (including the Guarantors) and Mr. Wong (a holder of 15% equity interest in the Target Company) is an Independent Third Party in respect of the Company.

Interests to be Acquired

As at the date of the Acquisition Agreement, the Target Company is owned as to 70% by the Vendor A, 15% by the Vendor B and 15% by Mr. Wong.

Pursuant to the Acquisition Agreement, the Purchaser conditionally agreed to acquire the Sale Shares, representing (i) the 55% of the shares in the Target Company owned by the Vendor A; and (ii) the 15% of the shares in the Target Company owned by the Vendor B.

The Consideration

Pursuant to the Acquisition Agreement, the Purchaser shall pay or satisfy the Consideration of HK\$122.85 million in the following manner:

- (i) HK\$35 million will be payable in cash by the Purchaser upon Acquisition Completion as to HK\$27.5 million to the Vendor A and as to HK\$7.5 million to the Vendor B, respectively;

- (ii) HK\$15 million will be satisfied by the Company upon Acquisition Completion by issuing the Promissory Notes with principal amount of HK\$11,785,714 and HK\$3,214,286 to the Vendor A (or its nominee(s)) and the Vendor B (or its nominee(s)), respectively; and
- (iii) HK\$72.85 million will be satisfied by the Company upon Acquisition Completion by allotting and issuing (a) to the Vendor A (or its nominee) 133,114,617 Consideration Shares (representing approximately 90.67% of the number of Adjusted Shares issued assuming the Capital Reorganisation having become effective as at the date of this announcement without taking into account the effect of the Acquisition and the Open Offer, or approximately 23.73% of the enlarged number of Adjusted Shares issued assuming the Capital Reorganisation having become effective and the Acquisition and the Open Offer having been completed as at the date of this announcement); and (b) to the Vendor B (or its nominee) 36,303,987 Consideration Shares (representing approximately 24.73% of the number of Adjusted Shares issued assuming the Capital Reorganisation having become effective as at the date of this announcement without taking into account the effect of the Acquisition and the Open Offer, or approximately 6.47% of the enlarged number of Adjusted Shares issued assuming the Capital Reorganisation having become effective and the Acquisition and the Open Offer having been completed as at the date of this announcement) respectively.

Each of the Vendors has confirmed that, if and to the extent that it nominates any person to take up the Consideration Shares, that nominee will be its wholly-owned subsidiary.

The Consideration of HK\$122.85 million was determined after arm's length negotiation between the Company and the Vendors with reference to (i) the historical performance of the Target Group; (ii) the business growth and profitability of the Target Group; (iii) the prospects of the automobile restoration services industry in Hong Kong; and (iv) the fact that the Consideration represents a price-earnings multiple of only approximately 6.7 times (based on the unaudited profit after tax of HK\$18.4 million for FY2015 without taking into account the impairment loss on amounts due from operations in Taiwan of HK\$7.3 million (an extraordinary item), details of which are set out below). In determining the Consideration, the Company and the Vendors have not taken into account the Taiwan operations which are held through separate legal entities (the financial information of which are not included in the financial information of the Target Group as disclosed under the paragraph headed "Financial Information of the Target Group" below), the "Challenger" trademark registered in Taiwan and the "CARs" trademarks registered in Macau which are to be disposed of by the Target Group at a nominal consideration prior to Acquisition Completion as a condition precedent thereto. The Target Group's investment in Taiwan operation (including any loans made to it) have been fully impaired by the Target Group as at 31 March 2015.

The Consideration Shares

Assuming no further issues or repurchases of Shares and/or Adjusted Shares at any time after from the date of this announcement to Acquisition Completion and no other changes to the share capital structure of the Company other than as contemplated under the Capital Reorganisation, the 169,418,604 Consideration Shares to be issued and allotted at Acquisition Completion, represents (i) approximately 115.39% of Shares in issue as at the

date of this announcement adjusted for the Capital Reorganisation, (ii) approximately 53.57% of the Shares in issue (adjusted as described above) and enlarged by the issue of the Consideration Shares; and (iii) approximately 30.20% of the number of the Shares in issue (adjusted as described above) and as enlarged by the issue of the Consideration Shares and the Offer Shares in respect of the Open Offer (details of which are set out in the section headed “The Open Offer” below in this announcement).

The Consideration Shares shall rank pari passu with all other Shares in issue as at the date of the allotment and shall be entitled to all dividends or other distributions, interests and entitlements.

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The allotment and issue of the Consideration Shares are subject to the approval by the Independent Shareholders at the SGM.

The Issue Price of HK\$0.43 per Consideration Share is equivalent to the Subscription Price of HK\$0.43 per Offer Share and represents:

- (i) a discount of approximately 89.38% to the equivalent closing price of HK\$4.05 per Adjusted Share based on the closing price of HK\$0.405 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 92.42% to the equivalent average closing price of HK\$5.67 per Adjusted Share based on the average closing price of HK\$0.567 per Share for the five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 93.18% to the equivalent average closing price of HK\$6.305 per Adjusted Share based on the average closing price of HK\$0.6305 per Share for the ten consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 75.94% to the theoretical closing price of HK\$1.7875 per Adjusted Share upon completion of the Open Offer based on the closing price of HK\$4.05 per Adjusted Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a premium of approximately HK\$0.48 over the audited consolidated net liabilities per Adjusted Share of approximately HK\$0.045 as at 31 March 2014 calculated by dividing the Company’s audited consolidated net liabilities of approximately HK\$6,619,000 as at 31 March 2014 by 146,819,725 Adjusted Shares in issue immediately upon the Capital Reorganisation becoming effective (based on 1,468,197,250 existing Shares in issue as at the date of this announcement); and
- (vi) a premium of approximately HK\$0.52 over the unaudited consolidated net liabilities per Adjusted Share of approximately HK\$0.092 as at 31 December 2014 calculated by dividing the Company’s unaudited consolidated net liabilities of approximately HK\$13,560,000 as at 31 December 2014 by 146,819,725 Adjusted Shares in issue immediately upon the Capital Reorganisation becoming effective (based on 1,468,197,250 existing Shares in issue as at the date of this announcement).

The Promissory Notes

The principal terms of the Promissory Notes are summarised as follows:

Issuer:	The Company
Principal amount:	HK\$15 million
Interest:	1% per annum
Maturity:	3 years from the date of issue
Transferability:	Non-transferrable
Redemption:	The Company has the right to repay the whole or any part of the outstanding principal amount of the Promissory Notes at any time from the date of issue of the Promissory Notes up to the date immediately prior to the maturity date of the Promissory Notes by giving not less than 5 business days' prior written notice.

Conditions precedent

Acquisition Completion is conditional upon the satisfaction of (or, if applicable, the waiver) of the following conditions precedent:

- (i) the Purchaser having been satisfied with the results of the due diligence review on all assets, liabilities, financial, operation and business matters of the Target Group;
- (ii) the GEM Listing Committee having granted its approval-in-principle for the new listing application pursuant to the Acquisition Agreement and not having withdrawn or revoked the said approval;
- (iii) the circular relating to, among other things, the Acquisition having been despatched by the Company in accordance with the GEM Listing Rules;
- (iv) the Independent Shareholders having passed the necessary resolution(s) to approve the Acquisition Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Consideration Shares);
- (v) approval having been obtained from the GEM Listing Committee for the listing of, and permission to deal in, the Consideration Shares;
- (vi) the granting of Whitewash Waiver by the Executive and the Independent Shareholders having passed the resolution(s) to approve the Whitewash Waiver (which resolution will be voted by way of poll);
- (vii) the completion of the Open Offer taking place simultaneously with Acquisition Completion;

- (viii) the completion of the disposal of the entire shareholding in and loan to Challenger Taiwan and Challenger Taiwan Car Maintenance and the “Challenger” trademark registered in Taiwan held by the Target Group;
- (ix) the completion of the disposal of all “CARs” trademarks registered in Macau held by the Target Group;
- (x) the Capital Reorganisation having become effective;
- (xi) if necessary, the Bermuda Monetary Authority having granted the consent to the allotment and issue of the Consideration Shares;
- (xii) the warranties set out in the Acquisition Agreement being true and accurate and not misleading;
- (xiii) the Purchaser having been satisfied that there has not been any material adverse change on any members of the Target Group since the date of the Acquisition Agreement;
- (xiv) the execution at or before Acquisition Completion of the Service Contracts; and
- (xv) the execution at or before Acquisition Completion of the Deed of Non-competition.

The Purchaser may in its absolute discretion at any time waive the conditions set out in (i), (xii), (xiii) and (xiv) above by notice in writing. Neither the Purchaser nor the Vendors may waive any of the conditions set out in (ii) to (xi) and (xv) above.

If any of the conditions as set out above has not been fulfilled or waived (as the case may be) on or before 31 March 2016 (or such later date as the parties to the Acquisition Agreement may agree in writing), the Acquisition Agreement shall terminate and no party shall have any claim against any of the others, except in respect of any antecedent breach of the terms thereof.

Further particulars of several conditions precedent set out in the Acquisition Agreement are set out below:

Condition precedents (viii) and (ix) — the completion of the disposal of the entire shareholding in and loan to Challenger Taiwan and Challenger Taiwan Car Maintenance and the “Challenger” trademark registered in Taiwan held by the Target Group and the completion of the disposal of all “CARs” trademarks registered in Macau held by the Target Group

The Target Group intends to dispose of (i) the entire shareholding in and loan to Challenger Taiwan and Challenger Taiwan Car Maintenance and the “Challenger” trademark registered in Taiwan to Graceful Capital Limited, a company incorporated in the BVI and owned by the Vendor A, Mr. Wong and the Vendor B (in the same proportions as they own the Target Company), at or before Acquisition Completion at a nominal consideration; and (ii) all “CARs” trademarks registered in Macau and held by the Target Group to Eversky (Macao) Limited, a company incorporated in Macau and owned as to 96% by Global Central and as to 4% by

Mr. Kwok Ying Ming, at or before Acquisition Completion at a nominal consideration. As a result of the disposals, the business and trademarks in Taiwan and Macau will be excluded from the Target Group prior to Acquisition Completion.

Condition precedent (xiv) — the execution at or before Acquisition Completion of the Service Contracts

As one of the conditions precedent of the Acquisition Agreement, each of Mr. Lam, Mr. Cheung and Mr. Kwok Hey shall enter into a Service Contract with the Target Company before Acquisition Completion.

The service contract with Mr. Lam will provide for his employment as chief operating officer with the Target Company for a fixed term of 3 years with effect from Acquisition Completion, unless terminated by either party giving no less than 3 months' notice in writing to the other party. The annual remuneration of Mr. Lam under his service contract is HK\$563,760.00, which is payable by monthly installments of HK\$46,980 in cash. Mr Lam's annual remuneration is determined by arm's length negotiation between Mr. Lam and the Target Company with reference to his duties, responsibilities and the prevailing market conditions.

The service contract with Mr. Cheung will provide for his employment as senior operations manager with the Target Company for a fixed term of 3 years with effect from Acquisition Completion, unless terminated by either party giving no less than 3 months' notice in writing to the other party. The annual remuneration of Mr. Cheung under his service contract is HK\$414,720.00, which is payable by monthly installments of HK\$34,560 in cash. The said annual remuneration is determined by arm's length negotiation between Mr. Cheung and the Target Company with reference to his duties, responsibilities and the prevailing market conditions.

The service contract with Mr. Kwok Hey will provide for his employment as general manager with the Target Company for a fixed term of 3 years with effect from Acquisition Completion, unless terminated by either party giving no less than 3 months' notice in writing to the other party. The annual remuneration of Mr. Kwok Hey under his service contract is HK\$1,200,000.00, which is payable by monthly installments of HK\$100,000 in cash. Mr. Kwok Hey's annual remuneration is determined by arm's length negotiation between Mr. Kwok Hey and the Target Company with reference to his duties, responsibilities and the prevailing market conditions.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of Mr. Lam, Mr. Cheung and Mr. Kwok Hey holds any Shares as at the date of this announcement and therefore the execution of the Service Contracts will not constitute a special deal of the Company under Rule 25 of the Takeovers Code.

Condition precedent (xv) — the execution at or before Acquisition Completion of the Deed of Non-competition

As one of the conditions precedent set out in the Acquisition Agreement, the Vendors, its shareholders and ultimate beneficial owners, and Mr. Kwok Hey (each the "Covenantor" and collectively the "Covenantors") shall enter into a Deed of Non-competition in favour of the Company before Acquisition Completion. Pursuant to the Deed of Non-competition,

the Covenantors shall, in consideration of the promise by the Company to pay each of the Covenantors the sum of HK\$1.00 on demand, irrevocably covenant and undertake to the Company (for itself and for the benefit of its subsidiaries) that, during the period that the Deed of Non-competition remains effective, it/he shall not, and shall procure that its/his close associates (other than any member of the Enlarged Group) not to develop, acquire, invest in, participate in, carry on or be engaged, concerned or interested, or otherwise be involved, directly or indirectly, in the Restricted Business. The Deed of Non-competition will not prevent the Covenantors from: (i) having shareholding interests in any company listed on a recognised stock exchange which engages in the Restricted Business accounts for less than 10% of that company's consolidated revenue or consolidated assets; and (ii) holding not more than 5% shareholding interests (individually or with its/his close associates) in any company listed on a recognised stock exchange provided that the Covenantors and/or their respective close associates are not entitled to appoint a majority of the directors of that company and at any time the relevant listed company shall have at least one shareholder (individually or with its/his close associates, if applicable) whose shareholding interests in the relevant listed company is higher than that of the relevant Covenantor (individually or with its/his close associates).

Each of the Covenantors further undertakes that if any new business opportunity in connection with the Restricted Business (the “**New Business Opportunity**”) is identified or made available to it/him or its/his close associates (other than members of the Enlarged Group), it/he will (i) direct or procure the relevant associate to direct such New Business Opportunity to the Enlarged Group by written notice within thirty (30) days of identifying or being made available such New Business Opportunity setting out all such information necessary for the Enlarged Group to evaluate the merits of the New Business Opportunity; (ii) use its/his best effort to assist the Enlarged Group in acquiring such New Business Opportunity at the terms and conditions no less favourable than those available to the Covenantors and/or its/his close associates; and (iii) invest or participate in the New Business Opportunity which has been rejected by the Enlarged Group and the principal terms of which are no more favourable than those made available to the Enlarged Group.

Each Covenantors is allowed to engage in the New Business Opportunity only if (i) a notice is received by the Covenantor from the Company confirming that the New Business Opportunity is not accepted and/or does not constitute competition with the Restricted Business (the “**Non-acceptance Notice**”); or (ii) the Non-acceptance Notice is not received by the Covenantor within 30 days after the proposal of the New Business Opportunity is received by our Company. If the Company decides and offers to invest, participate, be engaged in and/or operate any Restricted Business with the Covenantor and/or its/his close associates (or any of them, as the case may be), pursuant to the above, prior written consent of the Company must be obtained before the Covenantor and/or its/his close associates can invest, participate, be engaged in and/or operate such Restricted Business with the Company. The Company will comply with the requirements of the GEM Listing Rules in case of such cooperation with the Covenantor and/or its/his close associates (or any of them, as the case may be).

The covenants and undertakings in the Deed of Non-competition are conditional on Acquisition Completion. If the condition has not been fulfilled by 31 March 2016 (or such later date as agreed by the parties in the Acquisition Agreement thereto) or the Acquisition Agreement is terminated by the parties thereto, the Deed of Non-competition shall from such date cease to have any effect at all and no party shall have any liability thereunder.

The Deed of Non-competition shall remain effective until the earlier of (i) the date on which the Shares cease to be listed on the Stock Exchange; or (ii) the date on which the Covenantors and their close associates in aggregate, directly or indirectly beneficially hold less than 30% of the issued share capital of the Company.

Indemnity

The Vendor A and the Guarantors will deliver on or before Acquisition Completion the Deed of Indemnity by which they jointly and severally agree to indemnify the Enlarged Group from and against any costs, losses and expenses arising out of or in connection with any prior compliance failure of the Target Group prior to Acquisition Completion.

Acquisition Completion

Acquisition Completion shall take place simultaneously with the completion of the Open Offer. Acquisition Completion will take place within the five business days immediately after the fulfilment or waiver (as the case may be) of the conditions that are capable of being fulfilled prior to Acquisition Completion, subject to all remaining conditions being duly fulfilled or waived (as the case may be) at Acquisition Completion.

Upon Acquisition Completion, the Vendors shall have the right to nominate at most three (3) Directors to the Board.

As at the date of this announcement, the Vendors intend to nominate Mr. Kwok Ying Ming and Mr. Wan Ka Wai as new Directors upon Acquisition Completion.

PROPOSED OPEN OFFER

The terms of the proposed Open Offer are set out below.

Issue statistics

Basis of the Open Offer: Five (5) Offer Shares for every three (3) Adjusted Shares held on the Record Date

**Number of Shares
in issue as at the date of this
announcement:** 1,468,197,250 Shares

Number of Adjusted Shares: 146,819,725 Adjusted Shares (assuming no further issues or repurchases of Shares between the date of this announcement and the date on which the Capital Reorganisation becomes effective) in issue upon the Capital Reorganisation becoming effective

Number of Share Options in issue:	4,475,000 Shares to be issued assuming the Share Options are exercised in full (equivalent to 447,500 Adjusted Shares upon the Capital Reorganisation becoming effective)
Number of Offer Shares:	Not less than 244,699,541 Offer Shares (assuming no further issues or repurchases of Shares or Adjusted Shares between the date of this announcement to the Record Date); and not more than 245,445,375 Offer Shares (assuming all the Share Options are exercised in full on or before the Record Date)
Aggregate nominal value of the Offer Shares:	From HK\$2,446,995.41 to HK\$2,454,453.75
Subscription Price:	HK\$0.43 per Offer Share
	The net Subscription Price per Offer Share is approximately HK\$0.417.
Fund raised before expenses:	HK\$105.2 million to HK\$105.5 million

Set out below is the outstanding Share Options granted under the Share Option Scheme as at the date of this announcement:

Exercise Price per Share	Number of Shares that fall to be issued upon exercise of the Share Options
HK\$3.84	1,250,000
HK\$4.048	675,000
HK\$3.2	400,000
HK\$3.32	750,000
HK\$3.5	1,000,000
HK\$3.0	<u>400,000</u>
Total	<u><u>4,475,000</u></u>

Save as disclosed above (which will be subject to adjustments in accordance with the Share Option Scheme), the issue of the Adjusted Shares under the Capital Reorganisation, and the Company's obligation to issue and allot Consideration Shares at Acquisition Completion, the Company has no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares and rights over Shares as at the date of this announcement. No Shares have been allotted or issued between the date of the Underwriting Agreement and up to, and including, the date of this announcement.

Assuming no further issues or repurchases of Shares and/or Adjusted Shares at any time after from the date of this announcement to completion of the Open Offer and no other changes to the share capital structure of the Company other than as contemplated under the Capital Reorganisation, a total number of 244,699,541 Adjusted Shares will be issued and allotted pursuant to the Open Offer, represents (i) approximately 166.67% of Shares in issue as at the date of this announcement adjusted for the Capital Reorganisation; (ii) 62.5% of the Company's Share in issue (adjusted as described above) and enlarged by the issue of the Offer Shares; and (iii) approximately 43.62% of the number of the Company's Shares in issue (adjusted as described above) and enlarged by the issue of the Offer Shares and the Consideration Shares.

Subscription Price

The Subscription Price of HK\$0.43 per Offer Share is payable in full on application. The Subscription Price is the same as the Issue Price, please refer to the paragraph headed "The Consideration Shares" for the price comparison of the Issue Price.

The Subscription Price and the subscription ratio were arrived after arm's length negotiations between the Company and the Underwriter, taking into account the capital needs and financial position of the Group, and the prevailing market conditions.

Conditions of the Open Offer

The Open Offer, which will close at the same time as Acquisition Completion, is conditional upon the obligations of the Underwriter under the Underwriting Agreement becoming unconditional. The obligations of the Underwriter are conditional upon the following:

- (i) the passing of resolution(s) by the Independent Shareholders at the SGM to approve the Open Offer;
- (ii) the passing of special resolution(s) by the Shareholders at the SGM to approve the Capital Reorganisation;
- (iii) the Capital Reorganisation having become effective;
- (iv) the GEM Listing Committee granting or agreeing to grant in principle and not having withdrawn or revoked the listing of and permission to deal in all the Offer Shares (in their fully-paid form);
- (v) the Stock Exchange having granted its approval-in-principle (subject to any conditions as may be imposed by the Stock Exchange) for the Resumption;
- (vi) the filing and registration of all documents relating to the Open Offer, which are required to be filed or registered with the Registrar of Companies in Hong Kong in accordance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- (vii) the posting of the Offering Documents to the Qualifying Shareholders;
- (viii) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms thereof at or before the Latest Time for Termination;

- (ix) compliance with and performance of all the undertakings and obligations of the Company and the Underwriter under the terms of the Underwriting Agreement; and
- (x) the transactions contemplated under the Acquisition Agreement becoming unconditional (other than the condition in respect of the completion of the Open Offer).

Save for condition (ix) (so far as it relates to the Company) which can be waived by the Underwriter, all the conditions precedent set out above cannot be waived. If any of the conditions of the Open Offer are not fulfilled and/or waived on or before the Latest Time for Termination (or such other time and/or date as the Company and the Underwriter may determine in writing), the Underwriting Agreement shall terminate (save in respect of any rights and obligations which may accrue under the Underwriting Agreement prior to such termination) and neither the Company nor the Underwriter shall have any claim against the other party for costs, damages, compensation or otherwise save for any antecedent breach and the Open Offer will not proceed.

If any of the above conditions are not satisfied and/or waived (as the case may be) by the Underwriter at or prior to the respective prescribed time, the Underwriter shall be entitled to terminate the Underwriting Agreement by notice in writing to the Company.

Status of the Offer Shares

The Offer Shares, when allotted, issued and fully-paid, will rank pari passu with the Adjusted Shares then in issue in all respects. Holders of such Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid with a record date which falls on or after the date of allotment and issue of the Offer Shares. Dealings in the Offer Shares, which are registered in the register of members of the Company in Hong Kong, will be subject to payment of stamp duty and other applicable fees and charges in Hong Kong.

Qualifying Shareholders

The Open Offer will only be available to the Qualifying Shareholders. The Company will send the Offering Documents to the Qualifying Shareholders and, for information only, the Offering Circular to the Non-Qualifying Shareholders (if any).

To qualify for the Open Offer, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and must be a Qualifying Shareholder. As the Consideration Shares will not be issued until Acquisition Completion which will take place upon closing of the Open Offer, the Vendors will not be entitled to participate in the Open Offer as holders of the Consideration Shares.

In order to be registered as a member of the Company on the Record Date, Shareholders must lodge any transfers of the Shares/Adjusted Shares (together with the relevant share certificates) with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, located at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong by no later than a specific date to be set out in an expected timetable relating to, among other things, the Open Offer, to be announced as soon as practicable after the approval of the same by the Stock Exchange.

The Company will ascertain whether there are any Overseas Shareholders on the Record Date. In determining whether there will be Non-qualifying Shareholders, the Company will make enquiry regarding the legal restrictions (if any) under the laws of the relevant places and the requirements of the relevant regulatory bodies or stock exchanges in relation to the Company's offering of the Offer Shares to the Overseas Shareholders in compliance with the GEM Listing Rules.

Rights of the Non-Qualifying Shareholders

The Offering Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

In compliance with the necessary requirements of the GEM Listing Rules, the Company will make enquiries regarding the feasibility of extending Open Offer to the Overseas Shareholders (if any). If, based on legal enquiries, the Directors consider that it is necessary or expedient not to offer the Offer Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Offer Shares will not be available to such Overseas Shareholders. Further information in this connection will be set out in the Offering Circular containing, among other things, details of the Open Offer, to be despatched to the Qualifying Shareholders on the Offering Circular Posting Date. The Company will send copies of the Offering Circular to the Non-Qualifying Shareholders for their information only, but will not send any Application Form and Excess Application Form to them.

Overseas Shareholders should note that they may or may not be entitled to the Open Offer, subject to the results of enquiries made by the Directors pursuant to Rule 17.41 of the GEM Listing Rules. Accordingly, the Overseas Shareholders should exercise caution when dealing in the Shares or Adjusted Shares.

Closure of register of members

The register of members of the Company will be closed for a period to be announced for the purpose of establishing the entitlements to the Open Offer. No transfer of Shares or Adjusted Shares will be registered during that period. An expected timetable relating to, among other things, the Open Offer, will be announced as soon as practicable after the approval of the same by the Stock Exchange.

Application for excess Offer Shares

The Qualifying Shareholders are entitled to apply for any Offer Shares in excess of their own assured allotments under the Application Form(s), but are not assured of being allocated any Offer Shares in excess of those in their own assured entitlements.

The Directors will allocate the excess Offer Shares at their discretion on a fair and equitable basis, according to the principle that any excess Offer Shares will be allocated to the Qualifying Shareholders who apply for them on a pro rata basis by reference to the number of excess Offer Shares applied for but no reference will be made to Offer Shares comprised in applications for all or any part of the assured entitlements or the existing number of Shares held by the Qualifying Shareholders. If the aggregate number of Offer Shares not

taken up by the Qualifying Shareholders under the assured entitlements is greater than the aggregate number of excess Offer Shares applied for through excess application, the Directors will allocate to each Qualifying Shareholder who applies for excess Offer Shares in full application. No preference will be given to topping up odd lots to whole board lots.

Application for excess Offer Shares should be made by completing and signing the Excess Application Form accompanying the Offering Circular and lodging the same in accordance with the instructions printed thereon, together with a separate remittance for the full amount payable in respect of such number of excess Offer Shares applied for, with the Registrar no later than a specific date to be set out in an expected timetable relating to, among other things, the Open Offer, to be announced as soon as practicable after the approval of the same by the Stock Exchange.

Shareholders with their Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the arrangement in relation to the allocation of the excess Offer Shares will not be extended to beneficial owners individually. Shareholders with their Shares held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. Shareholders and investors should consult their professional advisers if they are in any doubt as to their status.

Fractions of the Offer Shares

Entitlements to the Offer Shares will be rounded down to the nearest whole number of Offer Shares. Fractional entitlements to the Offer Shares will not be issued but will be made available for subscription by those Qualifying Shareholders who wish to apply for excess Offer Shares.

Share certificates for the Offer Shares

Subject to fulfillment of the conditions of the Open Offer, share certificates for the Offer Shares are expected to be posted on or before a specific date to be set out in an expected timetable relating to, among other things, the Open Offer, to be announced as soon as practicable after the approval of the same by the Stock Exchange to those entitled thereto by ordinary post at their own risks. Share certificates will be issued for the fully-paid Offer Shares. Refund cheques in respect of wholly or partially unsuccessful applications for excess Offer Shares (if any) or in the case if the Open Offer is terminated are expected to be posted on or before a specific date to be set out in an expected timetable relating to, among other things, the Open Offer, to be announced as soon as practicable after the approval of the same by the Stock Exchange by ordinary post to the applicants at their own risk.

Application for listing of the Offer Shares

The Company will apply to the GEM Listing Committee for the listing of, and the permission to deal in, the Offer Shares on the Stock Exchange. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

Subject to the granting of the listing of, and the permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Offer Shares on the Stock Exchange, or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements will be made to enable the Offer Shares to be admitted into CCASS.

Dealings in the Offer Shares which are registered in the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

UNDERWRITING AGREEMENT

Date:	4 May 2015
Issuer:	The Company
Underwriter:	Orient Securities Limited
Number of Underwritten Shares:	Not less than 244,699,541 Offer Shares (assuming no Share Options are exercised on or before the Record Date); and not more than 245,445,375 Offer Shares (assuming all outstanding Share Options are exercised in full on or before the Record Date)
Commission:	2.5% of the aggregate Subscription Price in respect of the number of Underwritten Shares
Conditions:	Please refer to the section headed “Conditions of the Open Offer” above.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Underwriter and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons or any members of the Concert Group. The commission was determined after arm’s length negotiation between the Company and the Underwriter by reference to the existing financial position of the Company, the size of the Open Offer, and the current and expected market conditions. The Directors consider the terms of the Underwriting Agreement including the commission rate are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Offer Shares will be fully underwritten by the Underwriter. Upon completion of the Open Offer in accordance with the terms of the Underwriting Agreement, the public float requirements under the GEM Listing Rules will be complied with.

Termination of the Underwriting Agreement

The Underwriter may terminate the Underwriting Agreement by notice in writing to the Company at any time prior to the Latest Time for Termination, if the Underwriter becomes aware of the fact that there shall develop, occur, exist or come into effect:

- (i) any new law or regulation or any change in existing laws or regulations in Hong Kong or any other place that is the place of incorporation of the Company, or in which the Company conducts or carries on business; or
- (ii) any significant change (whether or not permanent) in local, national or international economic, financial, political or military conditions; or
- (iii) any significant change (whether or not permanent) in local, national or international securities market conditions (any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise) or exchange controls; or
- (iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out;

and in the reasonable opinion of the Underwriter, such change has or would have a material and adverse effect on the business, financial or trading position or prospects of the Company as a whole or the success of the Open Offer or make it inadvisable or inexpedient to proceed with the Open Offer.

If, at any time prior to the Latest Time for Termination, the Company commits any breach of or omits to observe any of the obligations or undertakings expressed to be assumed by it under the Underwriting Agreement which breach or omission will have a material and adverse effect of its business, financial or trading position, the Underwriter shall be entitled (but not bound) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Underwriter from its obligations under the Underwriting Agreement.

If the Underwriter terminates the Underwriting Agreement in accordance with above clauses, all obligations of each of the parties under the Underwriting Agreement shall cease and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Underwriting Agreement except for (i) any antecedent breach of any obligation under the Underwriting Agreement; and (ii) liabilities under certain provisions of the Underwriting Agreement.

Use of proceeds from the Open Offer

The total estimated gross proceeds from the Open Offer amount to HK\$105.2 million to HK\$105.5 million, whereas the estimated net proceeds (after deducting the estimated expenses directly attributable to the Open Offer, being the underwriting commission) are expected to be HK\$102.1 million to HK\$102.4 million. The Company intends to use the net proceeds from the Open Offer as to (i) HK\$35 million for the settlement of the cash portion of the Consideration in respect of the Acquisition; (ii) HK\$3.9 million for the settlement of

the outstanding accrued expenses of the Group; (iii) HK\$2.7 million for the settlement of the outstanding trade payables of the Group; (iv) HK\$4 million for the settlement of the loan borrowed by the Group from a Director; (v) HK\$39 million for the settlement of the loans borrowed by the Group from a Shareholder; and (vi) HK\$17.5 million to HK\$17.8 million (being the residual amount of the net proceeds) for the general working capital of the Enlarged Group.

Fund raising activities involving issue of securities in the past 12 months

References are made to the announcements of the Company dated 2 July 2014, 31 July 2014, 27 August 2014, 25 September 2014, 31 October 2014, 28 November 2014 and 27 February 2015, respectively. The Company entered into a placing agreement with a placing agent on 2 July 2014 in respect of a proposed placing of 32,000,000 Shares under a general mandate of the Company for cash payable at completion to not less than six Independent Third Parties in Hong Kong at a price of HK\$0.46 per placing Share and the number of the placing Shares increased from 32,000,000 to 67,000,000 at a price of HK\$0.46 per placing Share pursuant to a supplement placing agreement dated 25 September 2014. Such placing was subsequently terminated on 27 February 2015 as the conditions thereto had not been fulfilled by the long stop date as referred to in the relevant placing agreement and the supplemental agreements thereto. Save and except for the aforesaid, the Company has not conducted any equity fund raising activities in the past 12 months immediately preceding the date of this announcement.

REASONS FOR AND BENEFITS OF THE ACQUISITION AND THE OPEN OFFER

Trading in the Shares has been suspended since 3 December 2013.

Prior to the suspension, the Group was principally engaged in (i) paper manufacturing business; and (ii) general trading business. However, as disclosed in the Company's third quarterly report for the nine months ended 31 December 2013 and the other financial reports published thereafter, the Company has deconsolidated the paper manufacturing business from its financial results, primarily due to the non-cooperation of the management and accounting personnel of Jining Gangning in providing the Company with the necessary financial information. As a result of the aforesaid, as at the date of this announcement, the Group has had a much downsized operation and is only engaged in the general trading business, being wine and alcohol trading and timber trading, and the results thereof had been declining. Based on the unaudited condensed consolidated financial statements for the nine months ended 31 December 2014, the Group recorded revenue of approximately HK\$34.6 million from its continuing operations, which represented a significant drop of approximately 56.1% as compared to revenue from continuing operations of approximately HK\$78.8 million in the corresponding period in 2013. The Group continued to incur loss attributable to its owners which amounted to approximately HK\$6.9 million for the period. Moreover, as at 31 December 2014, the Group had total net liabilities of approximately HK\$13.6 million.

Having considered, among other things, the viability and sustainability of the existing businesses of the Group and the net liabilities incurred by the Group, the Stock Exchange served a notice to the Company on 21 November 2014 that the GEM Listing Committee had decided to proceed with cancellation of the Company's listing under Rule 9.14 of the GEM Listing Rules and requested the Company to submit a resumption proposal to demonstrate that it has sufficient level of operations or assets required by Rule 17.26 of the GEM Listing Rules by 5 May 2015, failing which the Stock Exchange would proceed with cancelling the Company's listing. The Acquisition (including the Whitewash Waiver) and the Open Offer form part of the Resumption Proposal, details of which were submitted by the Company on 5 May 2015. Should the Resumption Proposal fail to proceed, the Company will be delisted from the Stock Exchange.

The Target Group is principally engaged in the provision of auto restoration services comprising auto detailing services and auto repair and maintenance services under the "CARs" and "Challenger" brands in Hong Kong. As at the date of this announcement, the Target Group has a network of 13 "CARs" service centres and 12 "Challenger" service centres, most of which are located in car parking facilities at or near prime shopping centres, and four repair and maintenance centres. In addition, according to the latest available unaudited management accounts of the Target Group, the Target Group has been profit making over the past few years. Taking into account the Target Group's established scale of operations and historical financial performance, the Directors consider that the Acquisition represents an appealing opportunity for the Group to enhance its financial results. The Directors also believe that, upon Acquisition Completion, the Enlarged Group will have a sufficient level of operations to support its continued listing on the Stock Exchange.

As at 31 December 2014, the Group only had cash and cash equivalents balance of approximately HK\$1.2 million and the Company recorded net liabilities of approximately HK\$13.6 million. In light of these, the Board is of the view that there is an imperative need for the Company to conduct fund-raising activities to finance the working capital of the Group and the Acquisition. The Board considers the Open Offer a preferable fund-raising method as part of the net proceeds raised from it could be used to finance the Acquisition while the remainder could be used to settle certain outstanding liabilities of the Group and be retained as general working capital for the Enlarged Group which will inevitably help improve the capital base and financial and liquidity position of the Group. Further, the Open Offer provides an equal opportunity to all Qualifying Shareholders to participate in the new prospects of the Enlarged Group in the auto restoration field in Hong Kong.

Having considered the above, other relevant factors as disclosed in this announcement and the fact that the Acquisition and the Open Offer will not become unconditional and will not proceed if the Whitewash Waiver is not granted by the Executive or if the Whitewash Waiver is not approved by the Independent Shareholders, the Directors (excluding the independent non-executive Directors who will express their views after having considered the advice of the Independent Financial Adviser) are of the view that the terms of the Acquisition (including the Whitewash Waiver) and the Open Offer are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

EFFECTS OF THE CAPITAL REORGANISATION, THE ACQUISITION AND THE OPEN OFFER ON SHAREHOLDING STRUCTURE OF THE COMPANY

The changes in the shareholding structures of the Company arising from the Capital Reorganisation, the Acquisition and the Open offer as set out below are for illustrative purpose only:

Scenario A: Assuming (i) no exercise of the subscription rights attaching to the Share Options; and (ii) no other change to share capital and/or shareholding structure of the Company from the date of this announcement up to Acquisition Completion Date:

	Upon the Capital Reorganisation becoming effective						
	As at the date of this announcement			Immediately after Acquisition Completion and completion of the Open Offer			
	Number of Shares	Immediately after the Capital Reorganisation becoming effective Number of Adjusted Shares	%	(assuming no acceptance by the Qualifying Shareholders) Number of Adjusted Shares	%	(assuming full acceptance by the Qualifying Shareholders) Number of Adjusted Shares	%
The Vendor A	—	—	—	133,114,617	23.73	133,114,617	23.73
The Vendor B	—	—	—	36,303,987	6.47	36,303,987	6.47
The Concert Group	—	—	—	169,418,604	30.20	169,418,604	30.20
Mr. Kaneko Hiroshi (Note 1)	80,000,000	8,000,000	5.45	8,000,000	1.43	8,000,000	1.43
The Underwriter (Note 2)	—	—	—	244,699,541	43.62	—	—
Other public Shareholders	<u>1,388,197,250</u>	<u>138,819,725</u>	<u>94.55</u>	<u>138,819,725</u>	<u>24.75</u>	<u>383,519,266</u>	<u>68.37</u>
Total	<u><u>1,468,197,250</u></u>	<u><u>146,819,725</u></u>	<u><u>100.00</u></u>	<u><u>560,937,870</u></u>	<u><u>100.00</u></u>	<u><u>560,937,870</u></u>	<u><u>100.00</u></u>
<i>Total public Shareholders</i>	<u><u>1,388,197,250</u></u>	<u><u>138,819,725</u></u>	<u><u>94.55</u></u>	<u><u>383,519,266</u></u>	<u><u>68.37</u></u>	<u><u>383,519,266</u></u>	<u><u>68.37</u></u>

Scenario B: Assuming (i) the Share Options are exercised in full on or before the Record Date and (ii) no other change to share capital and/or shareholding structure of the Company from the date of this announcement up to Acquisition Completion Date:

	As at the date of this announcement Number of Shares	Immediately after the Capital Reorganisation becoming effective Number of Adjusted Shares	%	Upon the Capital Reorganisation becoming effective			
				Immediately after Acquisition Completion and completion of the Open Offer (assuming no acceptance by the Qualifying Shareholders) Number of Adjusted Shares	%	Immediately after Acquisition Completion and completion of the Open Offer (assuming full acceptance by the Qualifying Shareholders) Number of Adjusted Shares	%
The Vendor A	—	—	—	133,114,617	23.68	133,114,617	23.68
The Vendor B	—	—	—	36,303,987	6.46	36,303,987	6.46
The Concert Group	—	—	—	169,418,604	30.14	169,418,604	30.14
Mr. Kaneko Hiroshi (Note 1)	80,000,000	8,000,000	5.45	8,000,000	1.42	8,000,000	1.42
The Underwriter (Note 2)	—	—	—	245,445,375	43.66	—	—
Other public Shareholders	1,388,197,250	138,819,725	94.55	139,267,225	24.78	384,712,600	68.44
Total	1,468,197,250	146,819,725	100.00	562,131,204	100.00	562,131,204	100.00
<i>Total public Shareholders</i>	<u>1,388,197,250</u>	<u>138,819,725</u>	<u>94.55</u>	<u>384,712,600</u>	<u>68.44</u>	<u>384,712,600</u>	<u>68.44</u>

Notes:

1. Mr. Kaneko Hiroshi is the Chairman of the Company and one of the executive Directors.
2. In circumstances where the Open Offer is to become unconditional and the Underwriter is obliged to take up the Underwritten Shares in their entirety, the underwriting commitment will extend to a stake of approximately 43.62% to 43.66% in the share capital of the Company as enlarged by the issue of the Consideration Shares and the Offer Shares.

The Underwriter has confirmed to the Company that it will, prior to the despatch of the circular in respect of, among other things, the Acquisition and the Open Offer, sub-underwrite its underwriting obligations under the Underwriting Agreement to sub-underwriter(s) on such terms that in the event that the Underwriter being called upon to subscribe for or procure subscribers for any Untaken Shares pursuant to the Underwriting Agreement, (i) the subscribers of the Untaken Shares (including any direct or indirect sub-underwriters) will be third party independent of, not acting in concert with and not connected with the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries and their respective associates and members of the Concert Group; (ii) the Underwriter will not subscribe, for its own account, for such number of Untaken Shares which will result in its shareholding and the shareholding of parties acting in concert with it in the Company equal to or exceed 10% of the voting rights of the Company upon the completion of the Open Offer; and (iii) each subscriber of the Untaken Shares procured by it or sub-underwriter(s) will not, together with any party acting in concert with it, hold 10% or more of the voting rights of the Company upon completion of the Open Offer.

INFORMATION OF THE GROUP

The Company is a company incorporated in Bermuda whose shares are listed on the GEM. Prior to the suspension, the Group was principally engaged in (i) paper manufacturing business; and (ii) general trading business.

On 3 December 2013, trading in the Shares was suspended pending the release of inside information. Subsequently on 14 March 2014, the Company announced that it had lost the actual power of control over Jining Gangning as the Company could no longer control and interfere with any decision making by the board of directors of Jining Gangning. Therefore, the Board decided to deconsolidate the financial information of Jining Gangning (the then principal operating subsidiary of the Company). Since the deconsolidation, the Company has been engaged only in the wine and alcohol trading business (since September 2013) and the timber trading business (since June 2014) and the gross profits derived therefrom are minimal and insufficient to cover its administrative expenses. As a result, as at the date of this announcement, the Group has had a much downsized operation and is only engaged in the general trading business, being the aforesaid wine and alcohol trading and timber trading, and the results thereof had been declining. The Company and the Vendors intend after the Acquisition to focus on developing the auto restoration services businesses of the Target Group and to discontinue the existing trading businesses.

INFORMATION OF THE TARGET GROUP

Business of the Target Group

The Target Group is a prominent provider of auto restoration services for private cars in Hong Kong under the “CARs” and Challenger” brands, operating as at the date of this announcement a network of 13 “CARs” service centres and 12 “Challenger” service centres, most of which are located in car parking facilities at or near prime shopping centres, and four auto repair and maintenance centres in industrial areas.

Auto restoration services offered by the Target Group comprise:

- (i) auto detailing services (including any or all of the following services: vacuuming, washing, mist sterilisation, paint protection, glass and body cleaning, coating and ozone sanitising); and
- (ii) auto repair and maintenance services (covering both body and engine works, auto computer system repair work, routine pre-annual-vehicle-examination auto inspection and servicing and emergency towing and breakdown rescue services).

“CARs” service centres cater to private car owners who favour traditional hand-delivered auto detailing treatments for their motor vehicles. “Challenger” is positioned to attract private car owners who prefer their motor vehicles serviced with specialised auto detailing equipment. The Target Group provides its auto restoration services to its customers on a “pay per use” basis and under prepaid service plans of between one to two years’ terms.

Background to the acquisition of the Target Group by the Vendors

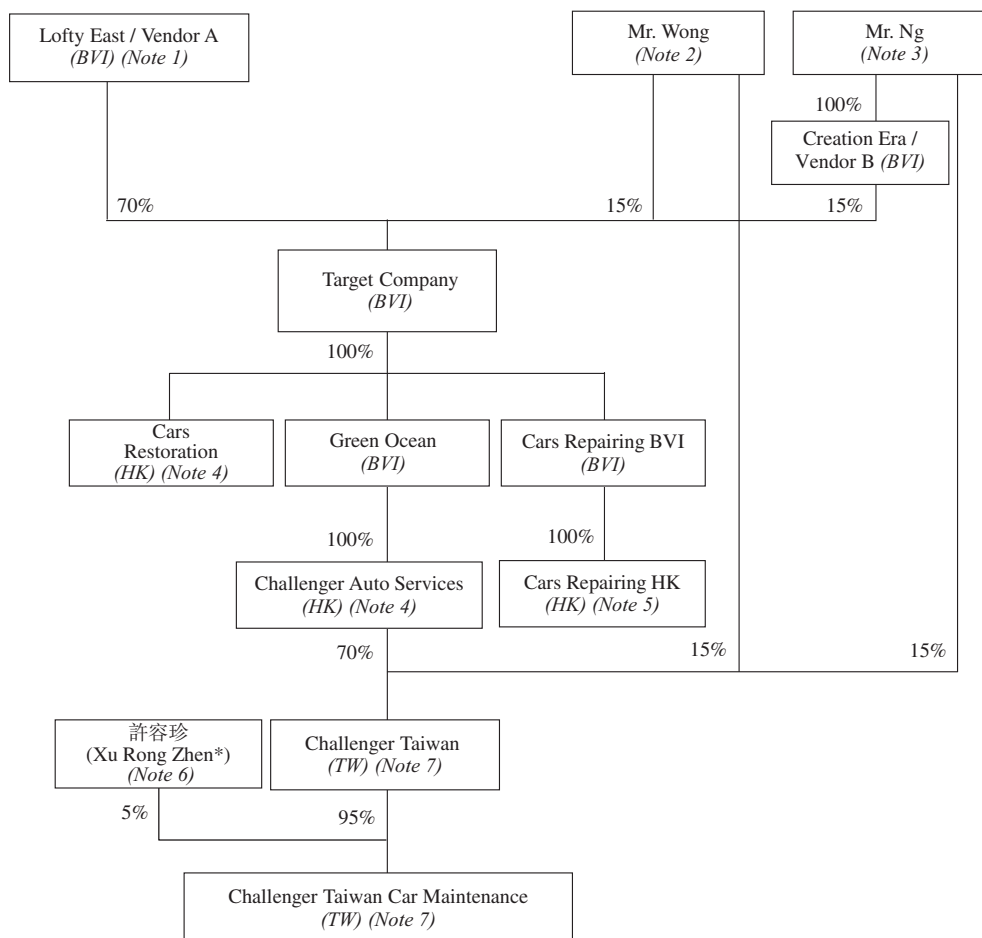
The ultimate beneficial owners of the Target Group, namely Mr. Kwok Ying Ming, Mr. Lam and Mr. Cheung, formed the Target Group through the acquisition of “CARs” and “Challenger” auto restoration businesses in 2010. Before its transfer to the Target Group at a nominal value, the operating company of the “CARs” auto restoration business was initially acquired on 1 September 2009 as to 70% by Eversky (a company wholly-owned by Mr. Kwok Ying Ming) at HK\$84,000 and as to 7.5% by Mr. Cheung at HK\$9,000 (the remaining 22.5% was held by Mr. Lam who acquired the entire issued share capital of the operating company of “CARs” business from its previous owner on 28 August 2009 at HK\$120,000). Challenger Auto Services which carries out the “Challenger” auto restoration business was acquired by the Target Group (then owned as to 45% by Eversky, 25% by Global Central, 22.5% by Mr. Lam and 7.5% by Mr. Cheung) from an Independent Third Party for HK\$30 million.

A detailed corporate history and development of the Target Group will be included in the circular of the Company relating to, among other things, the Acquisition to be despatched to the Shareholders.

Corporate Structure

Target Group Structure as at the date of this announcement

Set out below is the corporate and ownership structure of the Target Group as at the date of this announcement:



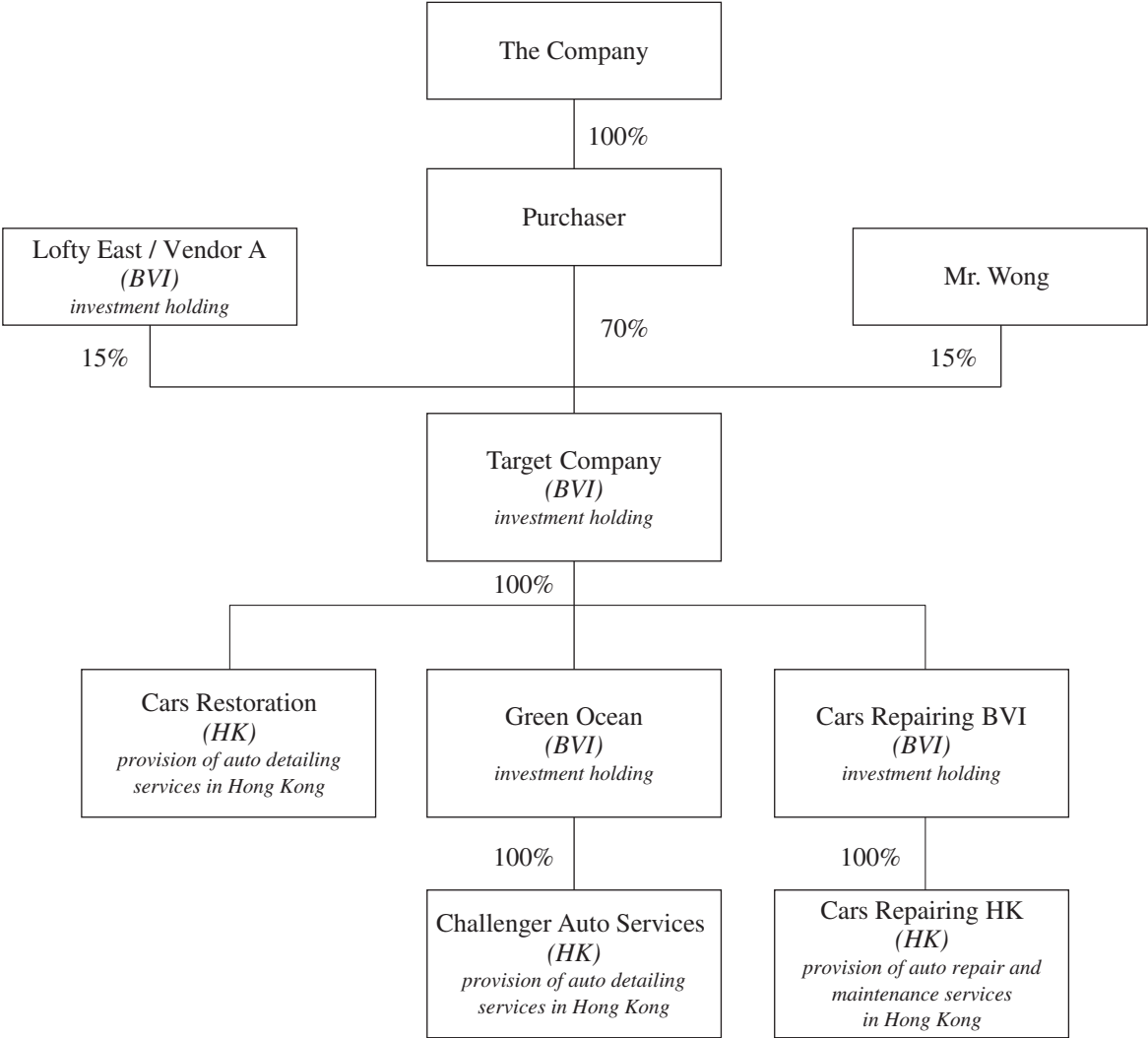
Notes:

- Lofty East is owned as to 45% by Eversky (a company wholly-owned by Mr. Kwok Ying Ming), as to 25% by Global Central (a company owned as to 60% by Eversky and 40% by a company wholly-owned by Mr. Tam), as to 22.5% by Mr. Lam and as to 7.5% by Mr. Cheung.
- Mr. Wong is a director of the Target Company and is not a party acting in concert with the Vendors in respect of the Target Group.
- Mr. Ng is a director of the Target Company.
- These companies are engaged in the provision of auto detailing services in Hong Kong.
- This company is engaged in the provision of auto repair and maintenance services in Hong Kong.
- 許容珍 (Xu Rong Zhen*) is a Taiwanese citizen and, apart from being a 5% shareholder of Challenger Taiwan Car Maintenance, is an Independent Third Party.
- These companies are engaged in the provision of car detailing services in Taiwan. Pursuant to the Acquisition Agreement, the Target Group will dispose of its entire equity interest in Challenger Taiwan and Challenger Taiwan Car Maintenance before Acquisition Completion.

* Translation for identification purpose only

Immediately after Acquisition Completion

Set out below is the corporate structure of the Target Group immediately upon Acquisition Completion:



Financial information of the Target Group

Set out below is the unaudited consolidated financial information of the Target Group for the two years ended 31 March 2015 as prepared in accordance with the HKFRS:

	FY2014 <i>HK\$'000</i> (unaudited)	FY2015 <i>HK\$'000</i> (unaudited)
Profit before income tax	15,338	14,741
Profit after income tax	11,533	11,088
		As at 31 March 2015 <i>HK\$'000</i> (unaudited)
Net assets		16,338

For the avoidance of doubt, the financial information of the Target Group as set out above includes the “Challenger” trademark registered in Taiwan and the “CARs” trademarks registered in Macau, which will be disposed of by the Target Group as part of the reorganisation prior to Acquisition Completion, but excludes the results and net assets of Challenger Taiwan and Challenger Taiwan Car Maintenance. As at 31 March 2014 and 31 March 2015, the book value of the aforesaid trademarks was only nominal and the Target Group’s amounts due from Challenger Taiwan and Challenger Taiwan Car Maintenance of HK\$5.1 million and HK\$12.4 million, respectively, were fully impaired in the respective financial year.

Pursuant to Rule 10 of the Takeovers Code, the above unaudited financial information of the Target Group constitutes a profit forecast and should be reported on by the Company’s financial adviser and its accountants or auditors in accordance with Rule 10.4 of the Takeovers Code (the “**Profit Forecast Reports**”). Taking into account (i) the practical difficulties of including the Profit Forecast Reports in this announcement in terms of the additional time required for the preparation of the Profit Forecast Reports by the Company’s financial advisers and its accountants or auditors; and (ii) the requirements of timely disclosures of the inside information under Rule 17.10 of the GEM Listing Rules and Part XIVA of the SFO, the Profit Forecast Reports have not been prepared as required under Rule 10 of the Takeovers Code. The Profit Forecast Reports will not be issued as the audited consolidated financial information of the Target Group as well as the accountants’ report of Target Group for the two years ended 31 March 2014 and 2015 will be included in the circular relating to, among other things, the Acquisition, to be despatched to the Shareholders on or before Thursday, 31 December 2015, subject to the consent of the Executive and the approval of the Stock Exchange of the Resumption Proposal.

The Company would like to draw the attention of the Shareholders and potential investors that the above unaudited financial information of the Target Group does not meet the standard required by Rule 10 of the Takeovers Code. The Shareholders and

potential investors should exercise caution in placing reliance on the above information in assessing the merits and demerits of the Acquisition as disclosed in this announcement and/or when dealing in the Shares.

IMPLICATIONS UNDER THE GEM LISTING RULES AND THE TAKEOVERS CODE

As certain of the applicable percentage ratios in respect of the Acquisition exceed 100%, the Acquisition constitutes a very substantial acquisition of the Company and therefore subject to notification, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendors, the ultimate beneficial owners of the Vendors (including the Guarantors) and Mr. Wong (a holder of 15% equity interest in the Target Company) is an Independent Third Party in respect of the Company and none of them is a Shareholder. However, as Mr. Kwok Ying Ming, who owns 100% interest in Eversky (which is the substantial shareholder of the Target Company), is proposed to be the Director upon Acquisition Completion, the Acquisition also constitutes a connected transaction for the Company pursuant to Rule 20.26 of the GEM Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Assuming no further Shares or Adjusted Shares will be issued by the Company prior to Acquisition Completion and completion of the Open Offer, the Vendors will have more than 30% voting rights in the issued share capital of the Company as a result of the issue of the Consideration Shares. The Vendors will, in the absence of the Whitewash Waiver, be obliged to make a mandatory general offer for all the Adjusted Shares not already owned or agreed to be acquired by them pursuant to Rule 26 of the Takeovers Code as a result of the issue of the Consideration Shares to the Vendors or their respective nominee (which, if nominated, will be a wholly-owned subsidiary of the relevant Vendor) upon Acquisition Completion. The Vendors will apply to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code on the basis that, among other things, the Acquisition and the Whitewash Waiver shall be subject to the approval by the Independent Shareholders at the SGM on a vote taken by way of a poll whereby the Concert Group, Mr. Kaneko Hiroshi and his associates and those Shareholders who are involved in or interested in the Acquisition, the Whitewash Waiver and/or the Open Offer will abstain from voting. The Executive may or may not grant the Whitewash Waiver. If the Whitewash Waiver is not granted by the Executive or is not approved by the Independent Shareholders, the Acquisition and the Open Offer will not become unconditional and will not proceed.

Further, the Acquisition constitutes a reverse takeover of the Company under Rule 19.06(6)(a) of the GEM Listing Rules, on the basis that the Acquisition constitutes a very substantial acquisition of the Company and the Vendors will become the controlling shareholders of the Company upon Acquisition Completion, the Company is being treated as if it were a new listing applicant. The Acquisition is therefore also subject to the approval of the GEM Listing Committee of a new listing application to be made by the Company. Such new listing application is required to comply with all the requirements under the GEM Listing Rules, in particular the requirements under Chapters 11 and 12 of the GEM Listing Rules.

As the Open Offer will increase the issued share capital of the Company by more than 50%, pursuant to Rule 10.39 of the GEM Listing Rules, the Open Offer and the transactions contemplated under the Underwriting Agreement will be subject to the approval by the Independent Shareholders at the SGM by way of poll. Pursuant to Rule 10.39 of the GEM Listing Rules, any controlling shareholders and their associates or, where there are no controlling shareholders, the directors (excluding the independent non-executive directors) and the chief executive of a company and their respective associates shall abstain from voting in favour of the resolution relating to the Open Offer. As at the date of this announcement, Mr. Kaneko Hiroshi, the Chairman of the Company and one of the executive Directors, holds 80,000,000 Shares, representing 5.45% of the existing issued share capital of the Company. As at the date of this announcement, the Company does not have any controlling shareholders and none of the Directors (save and except for Mr. Kaneko Hiroshi) or the Concert Group has any interest in any Shares. Mr. Kaneko Hiroshi and his associates will therefore abstain from voting at the SGM in respect of the Open Offer. As the Acquisition and the Open Offer are inter-conditional upon each other, the Concert Group, Mr. Kaneko Hiroshi and his associates and those Shareholders who are involved in or interested in the Acquisition, the Whitewash Waiver and the Open Offer will therefore also abstain from voting at the SGM in respect of the Acquisition and the Whitewash Waiver.

The proposed Capital Reorganisation is conditional upon, among other things, the approval by the Shareholders by way of poll at the SGM. None of the Shareholders or their associates will have any interest in the Capital Reorganisation, which is different from that of other Shareholders. Accordingly, no Shareholders shall abstain from voting in favour of the resolutions relating to the Capital Reorganisation at the SGM.

DEALINGS IN AND EXISTING HOLDING OF VOTING RIGHTS OVER SHARES IN THE COMPANY BY THE CONCERT GROUP

As at the date of this announcement, (i) none of the members of the Concert Group holds, controls or has direction over any outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of securities in the Company, or holds any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company, nor has received any irrevocable commitment to vote for or against the Acquisition Agreement, the Underwriting Agreement and/or the Whitewash Waiver; (ii) there is no outstanding derivative in respect of securities in the Company entered into by the any members of the Concert Group; (iii) the transactions respectively contemplated under the Acquisition Agreement and/or the Underwriting Agreement are subject to the conditions precedent respectively set out therein; (iv) there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares or the shares of the Vendors, which might be material to the Acquisition Agreement, the Underwriting Agreement, the Whitewash Waiver and/or the respective transactions contemplated thereunder; (v) there is no agreement or arrangement to which any members of the Concert Group is party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Acquisition, the Open Offer or the Whitewash Waiver (other than conditions precedent to Acquisition Completion as contained in Acquisition Agreement and the conditions of the Open Offer as contained in the Underwriting Agreement as disclosed respectively in the paragraph headed “Conditions precedent” under the section headed “The Acquisition Agreement” and the paragraph headed “Conditions of the Open Offer” under the section headed “The Open Offer” in this

announcement); (vi) none of the members of the Concert Group has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company; and (vii) none of the members of the Concert Group has dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company during the six-month period immediately prior to the date of this announcement.

UPDATE ON THE RESUMPTION PROPOSAL

The Board is pleased to the inform the Shareholders that the Company has made a submission relating to the Resumption Proposal involving inter alia, the Capital Reorganisation, the Acquisition and the Open Offer to the Stock Exchange on 5 May 2015. The Company will endeavour to seek the approval of the Stock Exchange for the Resumption. Further announcement(s) regarding the Resumption Proposal and the expected timetable for the Open Offer (subject to the approval on the Resumption Proposal by the Stock Exchange) will be made by the Company as and when appropriate. As mentioned above, the Acquisition (which forms part of the Resumption Proposal) constitutes a reverse takeover of the Company under Rule 19.06(6)(a) of the GEM Listing Rules. Accordingly, the Company will be treated as if it were a new listing applicant and the Acquisition is subject to the approval of the GEM Listing Committee of a new listing application. As at the date of this announcement, the Company has not yet made the new listing application in respect of the Acquisition to the Stock Exchange. The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, an extension of the deadline for submission of the new listing application in respect of the Acquisition on or before Friday, 30 October 2015.

GENERAL

The Independent Board Committee, which will comprise the independent non-executive Directors, will be formed to advise the Independent Shareholders in respect of the Acquisition, the Open Offer and the Whitewash Waiver. The Independent Financial Adviser will be appointed by the Company with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Acquisition, the Whitewash Waiver and the Open Offer are fair and reasonable so far as the Independent Shareholders are concerned, whether they are on normal commercial terms or better, whether they are in the interests of the Company and the Shareholders as a whole and as to how to vote at the SGM. A further announcement will be made upon the appointment of the Independent Financial Adviser.

A circular containing, among other things, (i) details of the Capital Reorganisation; (ii) details of the Acquisition Agreement; (iii) details of the Open Offer and the Underwriting Agreement; (iv) details of the application for the Whitewash Waiver; (v) financial information of the Group; (vi) financial information of the Target Group; (vii) unaudited pro forma financial information of the Enlarged Group; (viii) letter of advice from the Independent Board Committee; (ix) letter of advice from the Independent Financial Adviser; (x) notice of the SGM; and (xi) other information as required under the GEM Listing Rules, will be despatched to the Shareholders as soon as practicable.

Pursuant to Rule 8.2 of the Takeovers Code, the Company is required to despatch the circular to the Shareholders within 21 days of the date of this announcement. As additional time is required for the Company and the professional parties to conduct the due diligence

on the Target Group and to prepare the information including but not limited to the financial information of the Group, the financial information of the Target Group and the unaudited pro forma consolidated financial information of the Enlarged Group for inclusion in the circular, the circular is expected to be despatched to the Shareholders on or before Thursday, 31 December 2015, subject to the consent of the Executive and the approval on the Resumption Proposal by the Stock Exchange. As such, the Company will apply to the Executive pursuant to Rule 8.2 of the Takeovers Code for its consent to extend the time limit for the despatch of the circular and an announcement will be made upon the despatch of the circular.

Subject to the Resumption Proposal being approved by the Stock Exchange and the Open Offer being approved at the SGM, the Company will also despatch the Offering Documents to each of the Qualifying Shareholders and, for information only, the Offering Circular to each of the Non-Qualifying Shareholders (if any).

CONTINUED SUSPENSION OF TRADING IN THE SHARES

Trading in the shares of the Company has been suspended since 3 December 2013 and will remain suspended until further notice.

WARNING OF THE RISKS OF DEALING IN THE SHARES

Each of the Acquisition and the Open Offer is conditional upon, inter alia, the fulfillment of the conditions set out respectively under the paragraph headed “Conditions precedent” under the section headed “The Acquisition” and the paragraph headed “Conditions of the Open Offer” under the section headed “The Open Offer”. Therefore, the Acquisition and the Open Offer, which are inter-conditional on each other, may or may not proceed.

Any dealing in the Shares from the date of this announcement up to the date on which all the conditions of the Acquisition Agreement and Underwriting Agreement are fulfilled will accordingly bear the risk that the Acquisition and the Open Offer may not become unconditional or may not proceed. The issuance of this announcement does not mean that the trading in the Shares will be resumed or the listing of the Offer Shares and the Consideration Shares will be approved by the Stock Exchange.

Any Shareholders or other persons contemplating dealings in the Shares are recommended to consult their own professional advisers. The Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares.

DEFINITIONS

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

“Acquisition”	the proposed acquisition by the Purchaser of the Sale Shares owned by the Vendors pursuant to the Acquisition Agreement
“Acquisition Agreement”	the acquisition agreement dated 4 May 2015 entered into among the Purchaser, the Vendors and the Guarantors in relation to, inter alia, the Acquisition
“Acquisition Completion”	completion of the Acquisition
“Acquisition Completion Date”	the date on which Acquisition Completion takes place
“acting in concert”	has the meaning as ascribed thereto under the Takeovers Code
“Adjusted Share(s)”	the ordinary share(s) of par value HK\$0.01 each in the share capital of the Company upon the Capital Reduction becoming effective
“Application Form(s)”	the form(s) of application to be issued to the Qualifying Shareholders in respect of their assured entitlements under the Open Offer
“associate(s)”	has the meaning as ascribed thereto under the GEM Listing Rules unless otherwise stated
“Board”	the board of Directors
“business day”	a day on which banks in Hong Kong are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“BVI”	the British Virgin Islands
“Bye-laws”	the bye-laws of the Company adopted on 1 August 2000 and as amended from time to time
“Capital Increase”	the proposed increase of authorised share capital of the Company from HK\$30,000,000 divided into 3,000,000,000 Adjusted Shares to HK\$300,000,000 divided into 30,000,000,000 Adjusted Shares

“Capital Reduction”	the proposed reduction of (i) the issued share capital of the Company by cancelling the paid up capital of the Company to the extent of HK\$0.09 on each of the then issued Consolidated Share such that the par value of each issued Consolidated Share will be reduced from HK\$0.10 to HK\$0.01; and (ii) the authorised share capital of the Company by reducing the par value of all Consolidated Shares from HK\$0.10 each to HK\$0.01 each resulting in the reduction of the authorised share capital of the Company from HK\$300,000,000 divided into 3,000,000,000 Consolidated Shares to HK\$30,000,000 divided into 3,000,000,000 Adjusted Shares of par value HK\$0.01 each
“Capital Reorganisation”	the proposed reorganisation of the Company’s share capital which comprises (i) the Share Consolidation; (ii) the Capital Reduction; (iii) the Capital Increase; and (iv) the Share Premium Reduction
“Cars Repairing BVI”	Cars Auto Repairing Services Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Target Company
“Cars Repairing HK”	Cars Auto Repairing Services (Hong Kong) Limited 卡士汽車維修服務有限公司, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Target Company
“Cars Restoration”	Cars Restoration (Hong Kong) Limited 卡士汽車護理(香港)有限公司, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Target Company
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Challenger Auto Services”	Challenger Auto Services Limited 挑戰者汽車服務有限公司, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Target Company
“Challenger Taiwan”	臺灣挑戰者有限公司 (Challenger (Taiwan) Limited*), a company incorporated in Taiwan
“Challenger Taiwan Car Maintenance”	臺灣挑戰者汽車保養修護有限公司 (Challenger Taiwan Car Maintenance Co., Ltd.*), a company incorporated in Taiwan
“Companies Act”	the Companies Act 1981 of Bermuda, as amended, supplemented and/or otherwise modified from time to time

“Company”	Long Success International (Holdings) Limited, an exempted company incorporated in Bermuda on 3 March 2000 under the Companies Act with limited liability, the Shares of which are listed on the GEM
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Concert Group”	the Vendors, the Guarantors, their respective associates (as defined in the Takeovers Code) and parties acting in concert with any of them including Eversky, Global Central, Mr. Tam and Mr. Ng
“Consideration”	the aggregate consideration for the Sale Shares of HK\$122.85 million payable by the Purchaser and the Company to the Vendors pursuant to the Acquisition Agreement
“Consideration Shares”	169,418,604 new Adjusted Shares to be issued by the Company to the Vendors or their respective nominee(s) (as to 133,114,617 new Adjusted Shares to the Vendor A (or its nominee(s) and as to 36,303,987 new Adjusted Shares to the Vendor B (or its nominee(s)) as part of the Consideration
“Consolidated Shares”	ordinary share(s) of par value HK\$0.10 each in the share capital of the Company immediately upon the Share Consolidation becoming effective
“Contributed Surplus Account”	the contributed surplus account of the Company
“controlling shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Creation Era”	Creation Era Limited 創世紀有限公司, a company incorporated in the BVI with limited liability and wholly-owned by Mr. Ng
“Deed of Indemnity”	the deed of indemnity to be entered into at or before Acquisition Completion between the Vendor A, the Guarantors, the Purchaser and the Target Company
“Deed of Non-competition”	the deed of non-competition undertaking to be entered into at or before Acquisition Completion by the Vendors, its shareholders and ultimate beneficial owners, and Mr. Kwok Hey in favour of the Company
“Director(s)”	the director(s) of the Company
“Enlarged Group”	the Group as enlarged by the Acquisition

“Eversky”	Eversky Holdings Limited 永天控股有限公司, a company incorporated in the BVI with limited liability
“Excess Application Form(s)”	the form(s) of application for excess Offer Shares in such usual form
“Executive”	the Executive Director of the Corporate Finance Division of the SFC from time to time and any delegate of such Executive Director
“FY2014”	financial year ended 31 March 2014
“FY2015”	financial year ended 31 March 2015
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed to it under the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Global Central”	Global Central Limited, a company incorporated in Hong Kong with limited liability
“Green Ocean”	Green Ocean Cars Detailing Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Target Company
“Group”	the Company and its subsidiaries, excluding the Target Group
“Guarantor A” or “Mr. Kwok Ying Ming”	Mr. Kwok Ying Ming (郭英銘), a Hong Kong citizen and the uncle of Mr. Kwok Hey, who indirectly owns 45% of the Vendor A and 60% of a company which owns 25% shareholding of the Vendor A
“Guarantor B” or “Mr. Lam”	Mr. Lam Man Kuen (林萬權), a Hong Kong citizen who owns 22.5% shareholding in the Vendor A
“Guarantor C” or “Mr. Cheung”	Mr. Cheung Kai Ming (張啟明), a Hong Kong citizen who owns 7.5% shareholding in the Vendor A
“Guarantors”	collectively, the Guarantor A, the Guarantor B and the Guarantor C
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	the independent committee of the Board, comprising Mr. Yau Paul, Mr. Wong Ka Shing, Ms. Leung Shuk Lan, all being independent non-executive Directors, which will be established to advise the Independent Shareholders in relation to the Acquisition, the Whitewash Waiver and the Open Offer
“Independent Financial Adviser”	the independent financial adviser to be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, the Open Offer and the Whitewash Waiver
“Independent Shareholders”	the Shareholders other than (i) the Concert Group; (ii) Mr. Kaneko Hiroshi and his associates; and (iii) those who are interested or involved in the Acquisition Agreement, the Underwriting Agreement, the Open Offer, and/or the Whitewash Waiver (other than their entitlement to participate in the Open Offer)
“Independent Third Party”	a party who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is independent of and not connected with the Company and its connected persons and, (in relation to information on the Target Group) is independent of and not connected with the Target Company and its connected persons as at the date of this announcement
“Jining Gangning”	濟寧港寧紙業有限公司 (Jining Gangning Paper Company Limited*), a deconsolidated subsidiary of the Company in the PRC
“Latest Time for Acceptance”	4:00 p.m. on Tuesday, 17 November 2015, or such later time or date as may be agreed between the Underwriter and the Company in writing, being the latest time for acceptance of and payment for the Offer Shares, and application for excess Offer Shares as described in the Offering Documents as agreed between the Company and the Underwriter
“Latest Time for Termination”	4:00 p.m. on the third business day following (but excluding) the Latest Time for Acceptance or such later time or date as may be agreed between the Underwriter and the Company in writing, being the latest time to terminate the Underwriting Agreement
“Lofty East”	Lofty East Limited 東嶸有限公司, a company incorporated in the BVI with limited liability
“Macau”	the Macau Special Administrative Region of the PRC

“Mr. Kwok Hey”	Mr. Kwok Hey (郭熙) (formerly known as Kwok Hay (郭曦)), a member of the senior management team of the Target Group and the nephew of Mr. Kwok Ying Ming
“Mr. Ng”	Mr. Ng Kwai Wah, Sunny (吳季驊), a Hong Kong citizen who wholly-owns the Vendor B
“Mr. Tam”	Mr. Tam Chi Shing (譚智成), a Hong Kong citizen who has an indirect interest in the Vendor A
“Mr. Wong”	Mr. Wong Wai Sing (黃偉昇), a Hong Kong citizen who owns 15% of the issued share capital of the Target Company
“Non-Qualifying Shareholder(s)”	the Overseas Shareholder(s) whose registered addresses in the Company’s register of members as at the Record Date are in places where the Directors consider it necessary or expedient not to offer the Offer Shares to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Offer Share(s)”	the Adjusted Share(s) to be issued and allotted under the Open Offer, being not less than 244,699,541 Adjusted Shares and not more than 245,445,375 Adjusted Shares
“Offering Circular”	the offering circular to be despatched to the Shareholders in relation to the Open Offer in such form as may be agreed between the Company and the Underwriter on the Offering Circular Posting Date
“Offering Circular Posting Date”	being the date of despatch of the Offering Documents as agreed between the Company and the Underwriter
“Offering Documents”	the Offering Circular, the Application Form(s) and the Excess Application Form(s)
“Open Offer”	the proposed issue by way of open offer on the basis of five (5) Offer Shares for every three (3) Adjusted Shares in issue on the Record Date at a price of HK\$0.43 per Offer Share
“Overseas Shareholder(s)”	the Shareholder(s) whose address(es) on the register of members of the Company on the Record Date are outside Hong Kong
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Taiwan and Macau

“Promissory Notes”	the promissory notes to be issued by the Company to the Vendors in the principal amount of HK\$15 million as part of the Consideration
“Purchaser”	Goldbay Global Limited, a company incorporated in the BVI with limited liability and a directly wholly-owned subsidiary of the Company
“Qualifying Shareholder(s)”	the Shareholder(s), whose names appear on the register of members of the Company as at the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	Monday, 2 November 2015 or such other date as may be agreed between the Underwriter and the Company, being the record date to determine entitlements to the Open Offer as agreed between the Company and the Underwriter
“Registrar”	Computershare Hong Kong Investor Services Limited located at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, the Company’s branch share registrar and transfer office in Hong Kong
“Restricted Business”	any business in competition with or likely to be in competition with the business activity of any member of the Target Group within Hong Kong and the PRC where any member of the Enlarged Group may operate from time to time, including but not limited to the business of auto detailing services and auto repair and maintenance services in Hong Kong
“Resumption”	resumption of trading in the Share(s)/Adjusted Share(s) on the Stock Exchange
“Resumption Proposal”	the proposal (including the new listing application in respect of the Acquisition) to be submitted by the Company to the Stock Exchange in respect of the application for the Resumption
“Sale Shares”	the 7,000 ordinary shares of the Target Company (comprising 5,500 shares owned by the Vendor A and 1,500 shares owned by the Vendor B) representing 70% of the issued share capital of the Target Company to be sold to the Purchaser pursuant to the Acquisition Agreement
“Services Contracts”	service contracts to be entered into between the Target Company and Mr. Lam, Mr. Cheung and Mr. Kwok Hey at or before Acquisition Completion
“SFC”	the Securities and Futures Commission

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened to approve, among other things, the Acquisition Agreement and the transactions contemplated thereunder, the Whitewash Waiver, the Open Offer and the Capital Reorganisation
“Share(s)”	ordinary share(s) of par value HK\$0.01 each in the share capital of the Company before the Share Consolidation becomes effective
“Share Consolidation”	the proposed consolidation of every ten (10) issued and unissued Shares of par value of HK\$0.01 each into one (1) Consolidated Share of par value of HK\$0.10 each
“Shareholder(s)”	holder(s) of the Share(s), the Consolidated Share(s) or the Adjusted Share(s) (as the case may be)
“Share Option(s)”	the share options granted pursuant to the Share Option Scheme
“Share Option Scheme”	the share option scheme of the Company approved and adopted by the Company at the special general meeting of the Company on 23 August 2010
“Share Premium Account”	the share premium account of the Company
“Share Premium Reduction”	the proposed reduction of the entire amount standing to the credit of the Share Premium Account to nil
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price in respect of each Offer Share, being HK\$0.43
“substantial shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Suspension”	the suspension of trading in the Shares on 3 December 2013
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Target Company”	Hong Kong Automobile Restoration Group Limited 香港汽車護理集團有限公司, a company incorporated in the BVI with limited liability

“Target Group”	means the Target Company and its subsidiaries, excluding unless otherwise specified, Challenger Taiwan and Challenger Taiwan Car Maintenance which are to be disposed of by the Target Group as a condition precedent to Acquisition Completion
“Underwriter”	Orient Securities Limited, a licensed corporation for Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO
“Underwriting Agreement”	the underwriting agreement dated 4 May 2015 entered into between the Company and the Underwriter in relation to the Open Offer
“Underwritten Shares”	all Offer Shares
“Untaken Shares”	Underwritten Shares not validly taken up by Qualifying Shareholders by the Latest Time for Acceptance
“Vendor A”	Lofty East, a company which owns 7,000 ordinary shares of the Target Company (representing 70% equity interest in the Target Group) as at the date of this announcement, the registered office of which is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands
“Vendor B”	Creation Era, a company which owns 1,500 ordinary shares of the Target Company (representing 15% equity interest in the Target Group) as at the date of this announcement, the registered office of which is Quastisky Building, P.O. 4389, Road Town, Tortola, British Virgin Islands
“Vendors”	collectively, the Vendor A and the Vendor B, and each a Vendor
“Whitewash Waiver”	a waiver from the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligations of the Vendors to make a mandatory general offer for all the Adjusted Shares not already owned or agreed to be acquired by the Concert Group which would otherwise arise as a result of the issue of the Consideration Shares to the Vendors upon Acquisition Completion

“HK\$” and “cents” Hong Kong dollars and cents respectively, the lawful currency of Hong Kong

“%” per cent

* *For identification purpose only*

By Order of the Board
Long Success International (Holdings) Limited
Hui Ngai Hon, Edward
Director

Hong Kong, 17 June 2015

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Kaneko Hiroshi, Mr. Siu Chi Keung and Mr. Hui Ngai Hon, Edward; and three independent non-executive Directors, namely Mr. Yau Paul, Mr. Wong Ka Shing and Ms. Leung Shuk Lan.

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 is not misleading or deceptive, and there are no other matters the omission of which would make any statement in this announcement misleading.

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.

This announcement will remain at 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.