THE CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION

This circular is for information purpose only and does not constitute an invitation or offer to acquire or subscribe for securities.

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

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

LONG SUCCESS
百齡國際

LONG SUCCESS INTERNATIONAL (HOLDINGS) LIMITED

百 齡 國 際（控 股）有 限 公 司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 8017)

MAJOR TRANSACTION – ACQUISITION OF RIGHT GATEWAY LIMITED

A notice convening the SGM to be held at Pacific Place Conference Centre , Level 5, One Pacific Place 88 Queensway, Hong Kong, on 16th November, 2006 at 3:00 p.m. is set out on pages 92 to 93 of this circular. Whether or not you are able to attend, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar, Computershare Hong Kong Investor Services Limited at 46/F, Hopewell Centre, 193 Queen's Road Central, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding such meeting or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at such meeting or any adjourned meeting should you so wish.

This circular will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least seven days from the date of its posting.

* *For identification purpose only*

31st October, 2006

CHARACTERISTICS OF GEM

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

CONTENTS

Page

In this circular, the following expressions have the meanings respectively set opposite them unless the context otherwise requires:

"Announcement"	an announcement issued by the Company dated 21st August, 2006
"Acquisition"	the proposed acquisition of the Sale Shares on the terms contained in the Target Acquisition Agreement
"associates"	has the same meaning ascribed to such term under the GEM Listing Rules
"Board"	board of the Directors
"Business Day"	a day (other than a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
"Call Option"	the option granted by the Company to Mr. Sin and Ms. Chen whereby Mr. Sin and Ms. Chen can require the Company to allot and issue up to 50,000,000 Shares to them at an exercise price of HK$0.99 per Share
"Casino"	Galaxy Casino at the Grand Waldo Hotel in Macau
"Company"	Long Success International (Holdings) Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the GEM of the Stock Exchange
"Completion"	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Target Acquisition Agreement
"Connected Person(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Consideration Shares"	50,000,000 Shares
"Convertible Notes"	convertible notes in the principal amount of HK$145,200,000, to be issued by the Company in favour of Mr. Sin and Ms. Chen
"Conversion Price"	the initial conversion price of HK$1.10 per Conversion Share, subject to adjustments, pursuant to the terms of the Convertible Notes
"Conversion Shares"	the Shares to be allotted and issued upon the exercise of the conversion rights in respect of the Convertible Notes

"Cotai Strip"	the name of a 1.8 mile stretch of reclaimed land adjoining of 2 Macau's Islands and which is planned to be the equivalent of the "Las Vegas Strip"
"Deed of Variation"	a deed of variation dated 17th August, 2006 varying the number of Call Option Shares granted from 100,000,000 to 50,000,000 in the Target Acquisition Agreement
"Director(s)"	director(s) of the Company
"Enlarged Group"	the Group including Right Gateway and its subsidiaries
"GEM"	Growth Enterprise Market
"GEM Listing Rules"	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
"Grand Waldo"	a 5 star hotel located on the Cotai Strip with gaming and entertainment facilities
"Group"	the Company and its subsidiaries
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, third parties who are independent of and not connected with the Company or connected persons of the Company
"Instrument"	an instrument constituting the Convertible Notes
"Jun Ying VIP Club"	one of the VIP gaming rooms in the Casino and currently has 6 gaming tables
"Junket Representative Arrangement"	the arrangement between the Casino and Man Pou in relation to the appointment of Man Pou as a junket representative of the Casino
"Latest Practicable Date"	25th October, 2006, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
"Macau"	Macau Special Administrative Region of the PRC

"Non-negotiable Chips"	also known as rolling chips or dead chips. These chips cannot be converted into negotiable chips nor can they be redeemed for other goods and services. These chips can only be bet once in the designated gaming area in a casino. If the customer loses, these chips go to the casino. If the customer wins, he or she is paid the winnings and the amount bet in negotiable chips. The design of these chips are different from the negotiable chips and hence, the dealers and the cashiers of the casino can readily recognize them from negotiable chips
"Man Pou"	Man Pou Gambling Promotion Company Limited, a company incorporated in Macau and is principally engaged in the junket representative business, an Independent Third Party
"Mr. Sin"	Mr. Sin Tim Iao, an Independent Third Party
"Ms. Chen"	Ms. Chen AnFeng, an Independent Third Party
"PRC"	the People's Republic of China, which for the purpose of this circular, shall exclude Hong Kong, Macau and Taiwan
"Profit"	being 100% of the net profit of Man Pou which is estimated to be approximately 0.4% of the Rolling Turnover generated by Man Pou and/or its customers at the Jun Ying VIP Club and 100% of performance bonuses (if any) received by Man Pou
"Profit Agreement"	the agreement dated 27th July, 2006 entered into among Right Idea as a purchaser, Man Pou as a vendor and Mr. Sin and Ms. Chen as guarantors relating to the sale and purchase of a 100% interest in the Profit
"Quarter Period"	each three months period with the first quarter commencing on the first calendar month immediately following Completion
"Quarter Period Profit"	the Profit received and/or receivable by Right Idea for a Quarter Period
"Quarterly Profit Guarantee"	the guarantee provided by Man Pou, Mr. Sin and Ms. Chen that the Profit for each Quarter Period shall not be less than HK$11,250,000
"Right Idea"	Right Idea Investments Limited, a company incorporated in the British Virgin Islands

"Right Gateway"	Right Gateway Limited, a company incorporated in the British Virgin Islands
"Rolling Turnover"	the value of Non-negotiable Chips bet by the customers that the junket operator brings into a casino
"Sale Shares"	100 ordinary shares, being the entire issued share capital of Right Gateway
"SFC"	the Securities and Futures Commission of Hong Kong
"SGM"	the special general meeting of the Company to be convened to consider and, if thought fit, approve the Acquisition and the transactions contemplated thereunder
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Sky Times"	Sky Times Investment Limited, a company incorporated in the British Virgin Islands and is wholly owned by Mr. Sin and Ms. Chen in equal share
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Acquisition Agreement"	the conditional sale and purchase agreement dated 27th July, 2006 entered into among the Company as purchaser and Mr. Sin and Ms. Chen as vendors relating to the sale and purchase of the Sale Shares
"Target Group"	Right Gateway, its subsidiaries and associates from time to time
"Wide Fine"	Wide Fine International Holdings Limited, a substantial shareholder of the Company
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"US$"	United States of America dollars
"%"	per cent.

LONG SUCCESS INTERNATIONAL (HOLDINGS) LIMITED
百齡國際（控股）有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 8017)

Executive Directors
Mr. Wong Kam Leong
Mr. Lai Cho Wai
Mr. Ma Chon
Mr. Lau Chiu Pui

Independent non-executive Directors
Mr. Ng Kwok Chu, Winfield
Mr. Ng Chau Tung, Robert
Mr. Ieong Meng Wa

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

Principal office
2007-9
China Resources Building
26 Harbour Road
Wanchai, Hong Kong

31st October, 2006

To the shareholder of the Company

Dear Sir/Madam,

MAJOR TRANSACTION – ACQUISITION OF RIGHT GATEWAY LIMITED

INTRODUCTION

On 27th July, 2006, the Company entered into the Target Acquisition Agreement to acquire from Mr. Sin and Ms. Chen the entire issued share capital of Right Gateway for a total consideration of HK$230,200,000. A Deed of Variation was entered into on 17th August, 2006 between the relevant parties to vary the number of Shares granted under the Call Option.

The consideration for the Acquisition shall be satisfied by the Company (i) as to HK$30,000,000 in cash (subject to adjustment); (ii) the issue of the Convertible Notes in the aggregate principal amount of HK$145,200,000 (subject to adjustment); and (iii) the allotment and issue of the Consideration Shares credited as fully paid.

Right Gateway is an investment holding company. It owns 70% of the equity interest in Right Idea. The remaining 30% is owned by Sky Times, a company wholly-owned by Mr. Sin and Ms. Chen in equal share. On 27th July, 2006, Right Idea as purchaser entered into the Profit Agreement with Man Pou as a vendor and Mr. Sin and Ms. Chen as guarantors, pursuant to which Man Pou has agreed to sell and/

* *For identification purpose only*

or assign and Right Idea has agreed to purchase and/or accept the assignment of the Profit, being 0.4% of the Rolling Turnover generated by Man Pou and/or its customers at Jun Ying VIP Club together with any other payments received by it in the performance of its obligations as a junket representative, at a consideration of HK$1.00.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Right Idea, Man Pou and their ultimate beneficial owners, Mr. Sin and Ms. Chen, are Independent Third Parties and all of them are independent of and not connected with the Directors and their respective associates.

THE TARGET ACQUISITION AGREEMENT

Date:	27th July, 2006
Parties:	
Purchaser:	the Company
Vendor:	Mr. Sin and Ms. Chen (both of whom are Macau citizens)
Warrantors:	Man Pou, Mr. Sin and Ms. Chen. They are not acting in concert with any other parties regarding the shareholding of the Company. Man Pou has been appointed by the Casino as a junket representative for Jun Ying VIP Club since May, 2006. Other than being a junket representative, Man Pou does not engage in any other business. Man Pou and its ultimate beneficial owners, Mr. Sin and Ms. Chen, are Independent Third Parties and are not associates of each other.

The Target Acquisition Agreement does not provide for the appointment of Mr. Sin and/or Ms. Chen or their nominees as directors or senior management of the Company and the Company has no current intention to appoint them or their nominees as such.

Assets to be acquired

Pursuant to the Target Acquisition Agreement, the Company has agreed to acquire and Mr. Sin and Ms. Chen have agreed to sell and Man Pou has agreed to procure Mr. Sin and Ms. Chen to sell, as a legal and beneficial owners, the Sale Shares, being 100 shares of US$1.00 each in the share capital of Right Gateway, representing the entire issued share capital of Right Gateway, free from any option, charge, lien, equity, encumbrance, rights of pre-emption or any other third party rights whatsoever and together with all rights attached to them at the date of Completion or subsequently becoming attached to them. Right Gateway holds a 70% interest in Right Idea, a company which has entered into an agreement with Man Pou to acquire 100% of its Profit, being approximately 0.4% of the Rolling Turnover generated by Man Pou and/or its customers at the Jun Ying VIP Club together with any other payments received by Man Pou in its performance of its obligations as a junket representative.

Consideration

The total consideration for the Sale Shares is HK$230,200,000, and shall be settled by the Company:

(a) paying cash of HK$30,000,000 (subject to adjustment (see the section "Adjustment to Consideration" below), to Mr. Sin and Ms. Chen (as to HK$15,000,000 each, such to be financed by Right Gateway's 70% entitlement to the Quarterly Profit Guarantee for the first two years);

(b) issuing the Convertible Notes in the aggregate principal amount of HK$145,200,000 (subject to adjustment (see the section "Adjustment to Consideration" below)) to Mr. Sin and Ms. Chen (as to HK$72,600,000 each); and

(c) the allotment and issue of 50,000,000 Shares to Mr. Sin and Ms. Chen (as to 25,000,000 Shares each) credited as fully paid. The value of the Consideration Shares, based on the closing price of the Shares immediately prior to its suspension from trading on 26th July, 2006, is HK$55,000,000 and represents 19.76% of the existing issued share capital of the Company. The price per Consideration Share of HK$1.10 represents a 15.06% premium to the last five days' trading average immediate before the suspension of trading in the Shares and a premium of 41.03% to the closing price of the Shares as at the Latest Practicable Date.

The allotment and issue of the Consideration Shares is not expected to result in a change in control of the Company.

The Consideration was arrived at by reference to the number of gaming tables at Jun Ying VIP Club and the fact that industry reports estimate the net win from the game of Baccarat (being the most accessible game in a VIP lounge in Macau) to be approximately 2.5% of gross revenue, and that generally the revenue from one gaming table is approximately HK$300,000,000 per month.

As part of the Target Acquisition Agreement, the Company will grant to the Vendors the Call Option at Completion. There are no outstanding options granted by the Company under Chapter 15 of the GEM Listing Rules which when aggregated with the Call Option would exceed 20% of the issued share capital of the Company.

A specific mandate will be sought by the Company at the SGM to allot and issue the Consideration Shares, Shares issued pursuant to conversion of the Convertible Notes and pursuant to the exercise of the Call Options.

Pursuant to the Profit Agreement, Man Pou has irrevocably and unconditionally guaranteed to Right Idea that the Profit for each Quarterly Period commencing on the first day of the calendar month after Completion and until the period ending 24 months thereafter shall not be less than HK$11,250,000. Mr. Sin and Ms. Chen have agreed to guarantee the obligations of Man Pou under the Profit Agreement.

The Quarterly Profit Guarantee of HK$11,250,000 is determined by reference to the number of gaming tables at the Jun Ying VIP Club (being 6 gaming tables) and the expected Profit of such tables based on industry information on the rolling turnover generated by gaming tables at VIP lounges in Macau. Given that the Company indirectly holds 70% equity interest in Right Idea, it is entitled to 70% of the Profit.

Adjustment to the Consideration

The total Consideration of HK$230,200,000, as mentioned above, will be settled by way of a combination of cash, Convertible Notes and Consideration Shares. On Completion, only the Call Option will be granted and the Consideration Shares will be allotted and issued. As to the balance of the consideration, it will be paid/released on the twelve Business Day after the relevant Quarter Period subject to the following:

Quarter Period Profit	**Adjustment to be made to the Convertible Note**	**Adjustment to be made to the cash portion of the Consideration**
If a relevant Quarter Period Profit is less than HK$11,250,000	For every HK$1 shortfall in a relevant Quarter Period Profit, the face value of the Convertible Note to be released for the Quarter Period (ie. HK$18,150,000) shall be reduced by HK$1.61 and the balance released.	For every HK$1 shortfall in a relevant Quarter Period Profit, the payment of the cash portion of the consideration for that Quarter Period (ie. HK$3,750,000) shall be reduced by HK$0.333 and the balance paid.
If a relevant Quarter Period Profit is more than HK$11,250,000	For every HK$1 excess in a relevant Quarter Period Profit, the face value of the Convertible Notes to be released for that Quarter Period shall be accelerated by HK$1.61 with the relevant certificate issued.*	For every HK$1 excess in a relevant Quarter Period Profit, the payment of the cash portion of the consideration for that Quarter Period shall be accelerated by HK$0.333.#

* For the avoidance of doubt, at no time shall the adjustment cause the face value of the Convertible Notes to exceed HK$145,200,000.

\# For the avoidance of doubt, at no time shall the adjustment cause the amount of cash portion of the consideration to be paid to the Vendors to exceed HK$30,000,000.

All adjustments will be made to the Convertible Notes and cash portion at the same time. The HK$1.61 : HK$0.333 adjustment ratio was calculated by reference to the face value of the Convertible Notes and cash portion divided by 2 years net profit.

The minimum consideration for the Acquisition, if no profit targets are met, would be the allotment and issue of the Consideration Shares (valued at HK$55,000,000 taking the last closing price of HK$1.10 per Share immediately before the suspension of trading in the Shares on 26th July, 2006) credited as fully paid.

It should be noted that despite that there being a Quarterly Profit Guarantee given by Man Pou to Right Idea, the above mentioned adjustments to the Consideration will be made, where applicable, regardless of such guarantee.

THE CALL OPTION

A Deed of Variation was entered into between the relevant parties on 17th August, 2006 to vary the number of the Shares granted under the Call Option. The Deed of Variation forms part of the Target Acquisition Agreement.

The Company will grant to Mr. Sin and Ms. Chen the Call Option on Completion. The Call Option is exercisable by Mr. Sin and Ms. Chen within 24 months from Completion. The Option Price is HK$0.99 per Call Option Share and represents a 10% and 3.56% discount to the closing price of the Shares immediately before its suspension from trading on 26th July, 2006 and the five days trading average before the suspension of trading in the Shares respectively. Assuming full exercise of the Call Options, the Company will receive a net amount of HK$49,500,000 (ie. HK$0.99 per Share x 50,000,000 Call Option Shares). The maximum number of Shares to be allotted and issued under the Call Option is 50,000,000 Shares (ie. as to 25,000,000 Shares to each of Mr. Sin and Ms. Chen).

PROFIT AGREEMENT

On 27th July, 2006, Right Idea as purchaser entered into the Profit Agreement with Man Pou as vendor and Mr. Sin and Ms. Chen, the ultimate beneficial owners of Man Pou, as guarantors. The major terms of the Profit Agreement are set out as follows:

Asset to be acquired

Man Pou has agreed to sell, as beneficial owner, and/or assign and Mr. Sin and Ms. Chen have agreed to procure Man Pou to sell and/or assign to Right Idea absolutely Man Pou's right, title and interest and benefits in and to 100% of the Profit, being 0.4% of the Rolling Turnover generated by Man Pou and/or its customers at the Jun Ying VIP Club gaming rooms together with any other payments received by it, commencing from the completion date of the Profit Agreement and Right Idea shall purchase/accept the assignment the Profit, free from all liens, claims, equities, charges, encumbrances or third-party rights of whatsoever nature and with all rights attached thereto as from the date of completion of the Profit Agreement.

Consideration

The consideration payable by Right Idea to Man Pou for the Profit sold and/or assigned is HK$1.00 which has been settled by Right Idea in cash.

Quarterly Profit Guaranteed

Man Pou has irrevocably and unconditionally guaranteed to Right Idea that the Quarterly Period Profit for each of the eight Quarter Period commencing on the first calendar month following Completion shall not be less than HK$11,250,000. Mr. Sin and Ms. Chen have agreed to guarantee the obligations of Man Pou under the Profit Agreement.

Conditions

Completion of the Profit Agreement is conditional upon the following conditions having been fulfilled or waived (as the case may be):

(a) Right Idea obtaining such legal opinions as it may in its absolute discretion require on, inter alia, the legality and enforceability of the gaming promotion operation conducted by Man Pou at the Casino and the legality of the transactions contemplated thereunder;

(b) the warranties given by Man Pou in the Profit Agreement remaining true and accurate in all material respects; and

(c) Right Idea being satisfied in its absolute discretion with the results of the due diligence investigation in respect of Man Pou, including but not limited to the affairs, business, assets, legality of all business and commercial activities conducted at the Casino, any other due diligence relevant to the sale and purchase of the Profit, liabilities, operations, records, financial position, value of assets, accounts, results, legal and financing structure of Man Pou.

Long-stop date

The Profit Agreement provides that should the satisfaction of all the above conditions, if not waived by Right Idea, not occur on or before 31st December, 2006, the Profit Agreement shall terminate.

Completion

Completion shall take place on the second Business Day or on such date as may be agreed between the parties after the last of the conditions of the Profit Agreement having been fulfilled or waived.

Miscellaneous

The Quarterly Profit Guarantee and the Profit Agreement do not form part of the Target Acquisition Agreement. The Target Acquisition Agreement and the Profit Agreement are not interconditional.

Rationale for the Structure

Reason

The Casino only commenced operations in June 2006 and the same can be said for Jun Ying VIP Club. Unlike other VIP lounges whereby past performances can be used as a reference, Jun Ying VIP Club has only recently commenced operations and as such the performance of Man Pou and, in particular, the Rolling Turnover that can be generated by it and/or its customers cannot be fully ascertained on a historical basis.

In order to protect the interest of the Company and Shareholders as a whole, the above arrangement is to ensure that payment of the cash portion of the consideration and the release of the certificates to the Convertible Notes will only be made once the relevant Quarterly Profit Guarantee has been met. Essentially, it is a "pay as you go" mechanism whereby payments will only be paid if relevant Quarter Period Profits are met.

Adjustment

In the event that the relevant Quarterly Profit Guarantee is not met, the face value of the Convertible Notes will be reduced and so will also be the payment of the cash portion of the consideration.

In the event that the relevant Quarterly Profit Guarantee is exceeded, then there would be an acceleration on the release of parts of the Convertible Notes and also the cash portion of the consideration. However, at no time would the Company be required to issue certificates to the Convertible Notes and/or pay cash portion of the consideration in excess of HK$145,200,000 and HK$30,000,000 respectively.

Reasons for the Quarterly Profit Guarantee arrangement

The requirement for the provision of Quarterly Profit Guarantee is part of the commercial deal for the parties to enter into the Target Acquisition Agreement. The Profit Agreement and the Target Acquisition Agreement are not interconditional. The Profit, being 0.4% of the Rolling Turnover generated by Man Pou and/or its customers at the Jun Ying VIP Club gaming rooms plus any other payments recorded by Man Pou as a junket representative, is arrived at after deducting the commission paid by Man Pou to its agents, who assist Man Pou in directing the customers to the Casino, administrative expenses incurred, including the salary payment, office rental, entertainment and traveling costs, and the tax payable to the Macau Government. The payments of commission to the agents and the administrative expenses are on normal commercial terms. The service provided by Man Pou's agents is to direct and introduce customers to Man Pou. The agents receive commission or fees from Man Pou, which are calculated at a rate on the Rolling Turnover generated by their customers. The rate as agreed between an agent and Man Pou is based on the number of customers introduced or directed, and the size, volume and frequency of betting made by its customers. The rate is fixed with reference to the market rate.

In respect of the Rolling Turnover generated by Man Pou at the Jun Ying VIP Club gaming rooms, the commission of Man Pou is based on the Rolling Turnover generated by it from Jun Ying VIP Club. Man Pou currently acts as the junket representative for Jun Ying VIP Club, which has 6 gaming tables.

As Right Gateway, which directly owns 70% of the shareholdings of Right Idea, is entitled to share 70% of the Profit, the total consideration of HK$230,200,000 represents approximately 7.3 times the 70% of the average annual profit for the first two years (based on the Quarterly Profit Guarantee). The Directors understand the importance of the Junket Representative Arrangement in the Acquisition as it forms part of the source of the Profit. During the arm's length negotiation, the Directors are given to understand that (1) the Junket Representative Arrangement may be terminated at any time by either party thereto; (2) the term of the Junket Representative Arrangement is substantially shorter than that of the Profit Agreement and may or may not be renewable upon expiry; and (3) the Company is not a party to the Junket Representative Arrangement and therefore it has no control on the termination and the renewal of the Junket Representative Arrangement. Also, the Directors understand that the junket licence of Man Pou is subject to renewal annually.

In the event that the Junket Representative Arrangement is terminated and the renewal of the Junket Representative Arrangement and the junket licence of Man Pou fail, the Rolling Turnover generated by Man Pou will no longer be the source of the Profit that the Group is entitled to share and the Group will lose this part of the Profit.

DIRECTORS' VIEWS

As the Junket Representative Arrangement is confidential, its major terms cannot be disclosed to the Directors. However, the Directors had conducted extensive research on junket business in Macau, including reviewing reports prepared by well-known investment banks in relation to Macau gaming business and making enquiries with the practitioners in the gaming industry, in order to understand the arrangement between the junket operators and the casino operators generally. The Directors understand that generally, the term of the agreement between the junket operator and the casino operator is tied with the term of the junket licence. Such kind of agreement will be revoked once the renewal of the junket licence fails.

Despite this, the Directors consider that the consideration is fair and reasonable given that the Company has reported loss for the past two financial years and that:

(1) Benefits of the Acquisition

(a) The right to the Profit under the Profit Agreement is for an unlimited period of time, instead of a fixed period of time. It enables the Company to continually enjoy the potential strong growth in Macau gaming business.

(b) There is no share of loss under the Profit Agreement as the Profit is essentially based on 0.4% of the Rolling Turnover generated by Man Pou and does not include expenses incurred by Man Pou.

(c) This removes a lot of uncertainties on the Company's future profitability and reduces the operation risk of the Company.

(d) There is no immediate substantial cash outlay for the Acquisition as the payment of cash portion of the consideration will be made quarterly and is subject to adjustment, if the Quarterly Profit Guarantees are not met.

(e) Release of certificates to the Convertible Notes (or part thereof) will only be released upon satisfaction of the Quarterly Period Profit.

(f) There is a downward adjustment to the consideration in the event that the relevant Quarterly Profit Guarantee is not met. Given there is no past performance of Man Pou, such adjustment arrangement gives the Company more protection and enables the Company to participate in Macau gaming business with a manageable risks.

(2) Mr. Sin's and Ms. Chen's personal interest

Mr. Sin and Ms. Chen's personal interest lies with the failure and success of Man Pou. Upon Completion, Mr. Sin and Ms. Chen still indirectly holds 30% equity interest in Right Idea. That means they still have substantial interests in Right Idea, the one holding the Profit which depends on the renewal of Man Pou's junket licence and partially on the Rolling Turnover generated by Man Pou pursuant to the Junket Representative Arrangement.

In view of Mr. Sin and Ms Chen's substantial interest in Right Idea and their abundance of experience in gaming industry, the Directors believe that, after Completion, Mr. Sin and Ms. Chen will continue to manage Man Pou in a prudent and efficient manner as the performance of Man Pou has a direct impact on them. As such, the risk of non-renewal of the junket licence and Junket Representative Arrangement upon expiry is minimized.

Both Mr. Sin and Ms. Chen have experience in acting as gaming promoters for over ten years at the Jade VIP Lounge at the Pelota Casino and Imperator VIP Club at the Galaxy Casino in Macau. The junket business is not a one person show but involves promoters and agents/sub-agents. The person licensed to operate as a junket in Macau is licensed as a gaming promoter. As a gaming promoter, that entity is authorised to conduct junket or gaming promotion business in Macau. However, in order to go and bring players to the actual casinos, the gaming promoter will have individuals, including the agents, sub-agents and overseas promoters, who source players from all parts of the World. Mr. Sin and Ms. Chen has obtained the support from other agents and sub-agents of Man Pou.

(3) Renewal of junket licence

The appointment of Man Pou as a junket representative by the Casino, evidences Man Pou's and Mr. Sin and Ms. Chen's credentials. Also, Man Pou has obtained junket licence from Macau Government in 2006. So far, the Company is not aware of any circumstance that makes Man Pou fail to fulfill the probity requirement that it had fulfilled for the grant of the junket licence. The Directors believe that the chance of non-renewal of Man Pou's junket license on 1st January, 2007 is highly unlikely. As a matter of fact, the yearly renewal process for junket license is faced by all licensed gaming promoters in Macau. As such the Directors believe that the possible risk of having no profit in the future as a result of Man Pou failing to renew its gaming promoter licence is commercially worth taking given the vast due diligence and research which they have conducted on this industry.

In respect of the renewal of gaming promoter licence of Man Pou, the Directors are confident that it can be renewed upon its expiry on 31st December, 2006 based on the following grounds derived from the due diligence work done by the Directors:

1. through the background check of Mr. Sin and Ms. Chen, the Directors found that both are experienced in the junket business as they have been gaming promoters in Macau for various years;

2. Grand Waldo has endorsed Man Pou as its gaming promoter at the Grand Waldo Hotel; and

3. the representative of the Grand Waldo Hotel expressed that they are satisfied with the performance of Man Pou.

Man Pou has already submitted its application to the Macau Government for the renewal of its gaming promoter licence for 2007.

The Company is positive about the future as it is a first move in the Cotai Strip having agreed to acquire the Profit of Man Pou derived from the Rolling Turnover generated by man Pou and/or its customers at the Jun Ying VIP Club.

(4) Quarterly Profit Guarantee

In any event, Right Idea will be entitled to HK$90,000,000 for the first two years as Man Pou and Mr. Sin and Ms. Chen have provided the Quarterly Profit Guarantees of not less than HK$11,250,000 per Quarterly Period. As the Group is entitled to 70% of the Profit through its 70% equity interest in Right Gateway, it is entitled HK$63,000,000 for the first two years.

After balancing the risks as stated in the section headed "Risk Factors of the Junket Business" with the benefits of the Acquisition, including the Group's perpetual rights to the Profit, no share of loss by the Group and the diversified source of the Profit under the Profit Agreement, the Directors consider that the consideration is fair and reasonable and the Acquisition is in the interest of the Company and the Shareholders as a whole.

The consideration is determined after arm's length negotiation between the Company, Mr. Sin and Ms. Chen after considering the Quarterly Profit Guarantee and that the Acquisition will (1) broaden the Group's revenue source; and (2) provide a substantial and stable income source to the Group in view of the acquisition of the Profit by Right Idea from Man Pou under the Profit Agreement, the recent economic boom in Macau contributed by the loosening of travel restrictions of mainland Chinese visitors and the prospects of Macau's gaming business. Based on the statistics prepared by the Macau Government, the revenue generated by the gaming activities is growing steadily at an average growth rate of approximately 23% each year for the period between 2001 and 2005.

(5) Outlook and Prospects on the Gaming Industry

The Company is optimistic about the future of the gaming economy in Macau especially at the Grand Waldo Hotel which is in the Cotai Strip and will be next to the large Venetian Macao complex opening next year. The Cotai Strip is being compared to the Strip in the Las Vegas with various other hotels such as The Four Seasons Hotels and Resorts, Sheraton Hotels, Shangri-La

Hotels and Hilton Hotels proposed to be opening there also. This is expected by the Directors to bring a lot of attention to the Cotai Strip and also to the Grand Waldo Hotel.

As such, the Directors (including the independent non-executive Directors) consider the consideration for the Acquisition to be fair and reasonable.

(6) Strategies

Based upon informal discussions, the Company understands that certain strategies to be adopted by Man Pou in view of increasing number of casinos in Macau include:

(i) pitching the Grand Waldo Hotel as a 5 star hotel with comprehensive facilities such as a spa, cinema and children's playground etc.

(ii) providing a more comfortable and relaxing atmosphere at the Jun Ying VIP Club by installing massage chairs, a mini bar and two special VIP rooms for top tier players;

(iii) providing competitive commission rates to attract more junkets and monitor such rates continuously;

(iv) increasing the number of junket agents to promote the Grand Waldo Hotel and in particular the Jun Ying VIP Club in Asia.

Conditions precedent

Completion is subject to the following conditions having been fulfilled or waived (as the case may be):

(a) the Company being in its reasonable discretion satisfied with the results of the due diligence investigation in respect of the Target Group including but not limited to the affairs, business, assets, results, legal and financing structure of the Target Group (in particular, the Profit Agreement);

(b) the Company having received to its reasonable satisfaction a Macanese legal opinion on the legality and validity of the Profit Agreement and the transaction contemplated thereunder;

(c) no event having occurred since the date of the Target Acquisition Agreement to Completion, the consequence of which is to materially and adversely affect the financial position, business or property, results of operations or business prospects of the Target Group and such material adverse effect shall not have been caused;

(d) the warranties given by Man Pou, Mr. Sin and Ms. Chen in the Target Acquisition Agreement remaining true and accurate and not misleading at Completion as if repeated at Completion and at all times between the date of the Target Acquisition Agreement and Completion;

(e) the passing by the Shareholders at a special general meeting to be convened and held of an ordinary resolution to approve the Target Acquisition Agreement and the transactions contemplated hereunder, including but not limited to the issue of the Convertible Notes and the Consideration Shares, and the grant of the Call Option; and

(f) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Conversion Shares, the Consideration Shares and the Shares to be allotted and issued upon the exercise of the Call Option.

Conditions (a) to (d) are waivable by the Company under the Target Acquisition Agreement. The Company has no current intention to waive any of the conditions above. In particular, having regarded the importance of the legality and validity of the Profit Agreement and the transaction contemplated thereunder, the Company has no intention to waive condition (b) above. Conditions (e) to (f) are incapable of being waived by the Company. The Company will seek Shareholders' approval if any of the above conditions are to be waived. An application will be made by the Company to the Stock Exchange for the listing and permission to deal in the Conversion Shares, the Consideration Shares and Shares to be allotted and issued upon the exercise of the Call Option.

Completion

Completion shall take place at 11:00 a.m. on the second Business Day after the last of the conditions of the Target Acquisition Agreement having been fulfilled or waived or such time as may be agreed between the Company, Mr. Sin and Ms. Chen.

Upon Completion, Right Gateway will be accounted for as a subsidiary of the Company and its financial result will be consolidated into the Group's financial statements. Right Idea will become a non-wholly owned subsidiary of the Company on Completion.

There is no currently no intention to appoint Mr. Sin and/or Ms. Chen as directors of the Company upon Completion.

Long-stop date

The Target Acquisition Agreement provides that should the satisfaction of all the above conditions, if not waived by the Company, not occur on or before 31st December, 2006 or such other date as the parties may agree, the Target Acquisition Agreement shall terminate.

JUNKET BUSINESS IN MACAU

Market

The junket operator (or also known as gaming promoter) works with the casino operators in the high roller or VIP market. Many of the high roller or VIP customers of casinos are sourced by a network of junket operators who work with it.

Operation of junket business

Generally, the work of the junket operators in Macau includes marketing and organizing business trips for enticing customers to participate in the gaming activities provided by the casino operator at VIP rooms and providing related services, including food and beverage services, entertainment, accommodation arrangement and even provide VIP customers with credit.

Licensing system

To become a junket operator in Macau, it is necessary for the junket operator to obtain a licence from the Gaming Inspection and Coordination Bureau of the Macau Government. The licence granted to the junket operator is valid for one year and is renewable.

The licensing process is initiated with an application request submitted to the Gaming Inspection and Coordination Bureau of the Macau Government including several documents, namely a filled form containing a questionnaire to ascertain the probity of the applicant and a declaration of a concessionaire, duly signed by a legal representative or a director with capacity to bind the company, indicating the intention of the concessionaire to work with such junket operator. The licence can only be granted when the applicant is found to comply with the probity requirements. If the applicant is a corporate gaming operator, the probity requirements also apply to its shareholder with 5% or more of the share capital and its key employees. To consider whether the applicant fulfills the probity requirement, the Gaming Inspection and Coordination Bureau of the Macau Government will consider the information provided by the applicant in the questionnaire, including its corporate, business and financial information, information regarding its key employees and shareholders, judicial litigation and governmental investigation, bankruptcy and insolvency, its previous experience in junket business. The relevant authorities will also consider the information provided by the corporate applicant's shareholder with 5% or more of the share capital and key employees, including their personal and family background, their financial information and civil proceedings or criminal investigation that they may involve.

In order to renew the licence, the junket operator shall submit an application form accompanied by a declaration made by the concessionaire or sub-concessionaire, duly signed by a legal representative or a director with capacity to bind the company, indicating the intention of the concessionaire to work with such gaming promoter in the subsequent year, to the Gaming Inspection and Coordination Bureau of the Macau Government by 30th September of each year.

RISK FACTORS OF JUNKET BUSINESS

There are the following risk factors in relation to the junket business operated by Man Pou:

(1) The provision of junket business is competitive in general. There is no guarantee that the targeted customers of Man Pou will not be lured away by other gaming promoters.

(2) The Rolling Turnover generated by Man Pou operating as a junket representative in the Casino relies on, among other factors, the attractiveness of the Casino to the prospective customers, Man Pou's ability to procure customers to the Casino, annual renewal of the gaming licence of Man Pou by the Macau Government, tenure of Man

Pou acting as junket representative for the Casino under the Junket Representative Arrangement. There is no assurance that the Casino is always attractive. In the event that Man Pou ceases to be committed to the junket business or cease to be appointed as junket representative by the Casino, the junket business, and thereby the Profit to be paid to Right Idea, may be adversely affected. Moreover, if Man Pou fails to obtain the renewal of its junket licence from the Macau Government, it can no longer operate its junket business and no Profit can be paid to Right Idea as a result.

(3) In the event that the Casino becomes the target for carrying out money laundering, the Rolling Turnover generated by Man Pou may be affected and/or interrupted.

(4) The availability of the Profit relating to the Rolling Turnover generated by Man Pou at the Casino gaming rooms pursuant to the Junket Representative Arrangement heavily depends on the subsistence of the Junket Representative Arrangement and on whether the Junket Representative Arrangement can be successfully renewed. The Junket Representative Arrangement may or may not be renewed by the Casino at the expiry of the term of the Junket Representative Arrangement. In general, the term of agreement between the junket operator and the casino operator is tied with the term of the junket licence. Therefore, the term of the Junket Representative Arrangement can also be tied with the term of Man Pou's junket licence, which is valid for one year.

(5) As the part of the Profit sourced from Rolling Turnover generated by Man Pou pursuant to the Junket Representative Arrangement, there is a risk that this part of the Profit will cease to be a source of the Profit if the Junket Representative Arrangement expires or the junket licence of Man Pou cannot be renewed.

(6) The Junket Representative Arrangement may be terminated at any time by either party thereto.

(7) The term of the Junket Representative Arrangement is substantially shorter than that of the Profit Agreement and may or may not be renewable upon expiry.

(8) The Company is not a party to the Junket Representative Arrangement and therefore it has no control on the termination and the renewal of the Junket Representative Arrangement.

(9) The junket licence of Man Pou granted by the Macau Government is subject to renewal annually.

(10) The Casino's gaming licence may be revoked by the Macau Government.

TERMS OF THE CONVERTIBLE NOTES

The terms of the Convertible Notes have been negotiated on an arm's length basis and the principal terms of which are summarised below:

Issuer

The Company

Principal amount

HK$145,200,000

Interest

The Convertible Notes will not carry interest whatsoever.

Maturity

A fixed term of 10 years from the date of issue of the Convertible Notes. Unless previously redeemed, converted or cancelled in accordance with the Instrument, the Company shall redeem the outstanding principal amount of the Convertible Notes on the maturity date.

Conversion

The noteholder shall be entitled to convert the Convertible Notes into Shares at any time after issue and vesting provided that the Company shall not allot and issue any Shares under the Convertible Notes and the Call Options if it may result in Mr. Sin and Ms. Chen, the noteholders and parties acting in concert with them being interested in 30% or more of the voting rights (or such amount as may from time to time be specified in the Hong Kong Code on Takeovers and Mergers) as being the level for triggering mandatory general offer of all the Shares under the Hong Kong Code on Takeovers and Mergers. This is a strict prohibition from issuing of Shares by the Company.

Conversion Price

The Conversion Price is HK$1.10 per Conversion Share subject to standard anti-dilutive adjustments.

The adjustments for Conversion Price include the followings:

(i) an alteration of the nominal amount of each Share by reason of any consolidation or subdivision;

(ii) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalization of profits or reserves (including any share premium account or capital redemption reserve fund);

(iii) a capital distribution being made by the Company, whether on a reduction of capital or otherwise, to Shareholders (in their capacity as such) or a grant by the Company to Shareholders (in their capacity as such) of rights to acquire for cash assets of the Company or any of its subsidiaries;

(iv) an offer of new Shares for subscription by way of rights, or a grant of options or warrants to subscribe new Shares being made by the Company to Shareholders (in their capacity as such);

(v) an issue wholly for cash being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares and the total effective consideration per Share receivable for such securities is less than 80% of the market price on the date of announcement of the terms of the issue of such securities;

(vi) an issue of Shares wholly for cash at a price per Share which is less than 80% of the market price on the date of announcement of the terms of such issue; and

(vii) an issue of Shares for the acquisition of assets at a total effective consideration per Share which is less than 80% of the market price of the date of the announcement of the terms of such issue.

The Company will issue an announcement in respect of any adjustment made to the Conversion Price.

The Conversion Price represents (i) a premium of approximately 17.02% to the closing price of HK$0.94 per Share as quoted on the Stock Exchange on 25th July, 2006, being the last full trading day immediately prior to the date of the suspension of trading in the Shares; (ii) a premium of approximately 20.08% to the average of the closing prices of approximately HK$0.916: per Share as quoted on the Stock Exchange for the last five trading days up to and including 25th July, 2006, being the last full trading day immediately prior to the date of the suspension of trading in the Shares; (iii) a premium of approximately 19.05% to the average of the closing price of HK$0.924 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 25th July, 2006, being the last full trading day immediately prior to the date of the suspension of trading in the Shares; (iv) a premium of approximately 5138% over the net asset value per Share of HK$0.021 based on the audited consolidated management accounts of the Group as of 31st March, 2006; and (v) a premium of approximately 41.03% to the closing price of the Shares of HK$0.78 as at the Latest Practicable Date.

The Conversion Price is arrived at after arm's length negotiation between the parties and is priced at a premium of approximately 20% to the average of the closing prices of HK$0.916 per Share as quoted on the Stock Exchange for the last five trading days up to and including 25th July, 2006, being the last full trading day immediately prior to the date of the suspension of trading in the Shares and before the signing of the preliminary agreements and a premium of approximately 41.03% to the closing price of the Shares as at the Latest Practicable Date.

Conversion Shares

Assuming there is an immediate exercise in full of the conversion rights attaching to the Convertible Notes in the aggregate principal amount of HK$145,200,000 at the Conversion Price by the noteholder, the Company will allot and issue an aggregate of 132,000,000 new Shares, which is the maximum number of Shares to be issued, representing approximately (i) 52.17% of the existing issued share capital of the Company; and (ii) 34.28% of the issued share capital of the Company as enlarged by the exercise of the conversion rights in full of the conversion rights attaching to the Convertible Notes. The Conversion Shares will be issued pursuant to the specific mandate to be sought at the SGM.

Ranking

The Conversion Shares, when allotted and issued, will rank pari passu in all respects with all existing Shares in issue on the date of allotment and issue of such Conversion Shares.

Status of the Convertible Notes

The Convertible Notes constitutes a direct, unconditional, unsubordinated and unsecured obligation of the Company and rank pari passu without any preference (with the exception as may be provided by applicable legislation) equally with all other present and/or future unsecured and unsubordinated obligations of the Company.

Security Arrangement

As security for the adjustments (if any) to be made to the face value of the Convertible Notes, certificates to HK$145,200,000 face value of the Convertible Notes will be placed with the Company's lawyers to be held in escrow and the face value of HK$18,150,000 of the Convertible Notes will be released on the twelve Business Day after the end of each Quarter Period (subject to adjustment).

Voting rights

The Convertible Notes does not confer any voting rights at any meetings of the Company.

Cancellation of the Convertible Notes or deduction from the outstanding sum

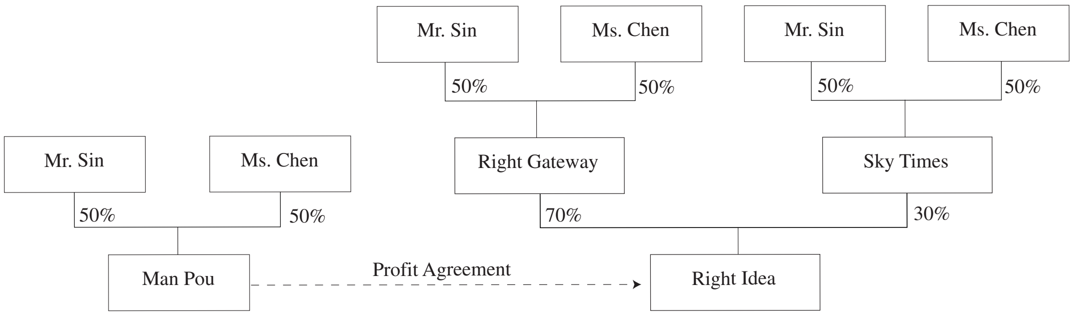
The Company has right to cancel the Convertible Notes or deduct the shortfall from the outstanding sum under the Convertible Notes if the relevant Quarterly Profit Guarantee is not met.

Application for listing

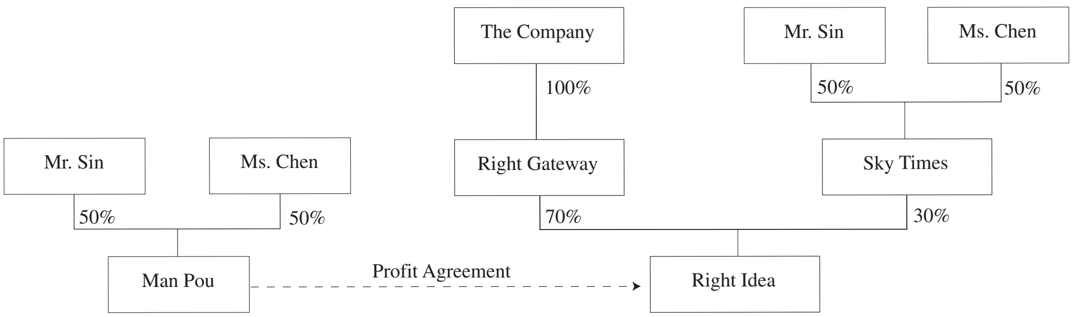
No application will be made by the Company for the listing of the Convertible Notes. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

Shareholding structure of the relevant entities and the Company:

The diagram below shows the shareholding structure of the relevant entities immediately before Completion:



The diagram below shows the shareholding structure of the relevant entities immediately after Completion:



Following is the shareholding of the Company in different scenarios of the proposed Acquisition:

Existing shareholding

Wide Fine[+]	102,500,000	40.51%
Lai Cho Wai[*]	22,000,000	8.69%
Noble Class[#]	14,000,000	5.53%
Public	114,530,000	45.27%
Total	253,030,000	100%

Allotment and issue of the Consideration Shares

Wide Fine[+]	102,500,000	33.83%
Lai Cho Wai[*]	22,000,000	7.26%
Noble Class[#]	14,000,000	4.62%
Public	114,530,000	37.79%
Mr. Sin	25,000,000	8.25%
Ms. Chen	25,000,000	8.25%
Total	303,030,000	100%

Allotment and issue of Shares pursuant to full conversion of the Convertible Notes

Wide Fine[+]	102,500,000	26.62%
Lai Cho Wai[*]	22,000,000	5.71%
Noble Class[#]	14,000,000	3.64%
Public	114,530,000	29.75%
Mr. Sin	66,000,000	17.14%
Ms. Chen	66,000,000	17.14%
Total	385,030,000	100%

Allotment and issue of Shares assuming full exercise of the Call Option

Wide Fine[+]	102,500,000	33.83%
Lai Cho Wai[*]	22,000,000	7.26%
Noble Class[#]	14,000,000	4.62%
Public	114,530,000	37.79%
Mr. Sin	25,000,000	8.25%
Ms. Chen	25,000,000	8.25%
Total	303,030,000	100%

Allotment and issue of the Consideration Shares and Shares pursuant to the full conversion of Convertibles Notes and the full exercise of the Call Option

Wide Fine+	102,500,000	21.13%
Lai Cho Wai*	22,000,000	4.54%
Noble Class#	14,000,000	2.89%
Public	114,530,000	23.61%
Mr. Sin	116,000,000	23.92%
Ms. Chen	116,000,000	23.92%
Total	485,030,000	100%

Shareholding structure assuming Mr. Sin and Ms. Chen obtain the maximum number of Shares possible without incurring a general offer obligation and under strict prohibition

Wide Fine+	102,500,000	28.36%
Lai Cho Wai*	22,000,000	6.09%
Noble Class#	14,000,000	3.87%
Public	114,530,000	31.69%
Mr. Sin	54,170,000	14.99%
Ms. Chen	54,170,000	14.99%
Total	361,370,000	100%

NB. Regardless of the issue of the Convertible Notes, the Call Option and the Consideration Shares, the Company shall not allot and issue Shares to Mr. Sin and/or Ms. Chen if Mr. Sin, Ms. Chen and parties acting in concert with them would hold 30% or more of the issued share capital of the Company. This is a strict prohibition on the allotment and issue of Shares by the Company.

* Directors of the Company

\+ A Shareholder who acquired a 70.25% interest in the Company on 29th September, 2005 through the exercise of an option granted by Noble Class Group Limited to it in respect of 177,500,000 Shares.

Wide Fine sold 10,000,000 Shares and 20,000,000 to independent third parties on 23rd August, 2006 and 31st August, 2006, respectively.

\# Noble Class is a company whose share capital is controlled by Mr. Lau Chiu Pui, a director of the Company. This shareholding included 250,000 Shares held directly by Mr. Lau Chiu Pui.

INFORMATION OF THE TARGET GROUP

Information of Right Gateway

Right Gateway was incorporated on 23rd June, 2006 and is an investment holding company.

The main asset of Right Gateway is its 70% equity interest in Right Idea. According to the unaudited management accounts of Right Gateway, the total assets of Right Gateway as at 31st July, 2006 is HK$780 and Right Gateway has no liability as at 31st July, 2006. There is no profit or loss recorded in the unaudited management accounts of Right Gateway for the period commencing on 23rd June, 2006 (the date of its incorporation) to 31st July, 2006.

Information of Right Idea

Right Gateway owns 70% of the equity interest in Right Idea, a company incorporated in the British Virgin Islands on 23rd June, 2006. The remaining 30% equity interest of which is owned by Sky Times (wholly owned Mr. Sin and Ms. Chen in equal share). Mr. Sin and Ms. Chen became acquainted with the Company through the Imperator VIP Club at the Galaxy Casino in Macau. This is the VIP lounge where the Company has entered into a marketing agreement in July, 2005 and where Mr. Sin and Ms. Chen were agents for the junket operator. Mr. Sin and Ms. Chen have over 10 years experiences in the Macau Gaming industry. They have been working as junkets in various VIP lounges in Macau (including the Imperator VIP Club at the Galaxy Casino and the Jade VIP Lounge at the Pelota Casino), responsible for introducing customers to the VIP lounge. Mr. Sin and Ms. Chen are founders of the Man Pou and have through Man Pou acted as the junket representative for Galaxy Casino at the Grand Waldo Hotel.

Man Pou is a company incorporated in Macau on 2nd March, 2006 and is wholly-owned by Mr. Sin and Ms. Chen as to 50% each. Mr. Sin and Ms. Chen, the founders of Man Pou, has over 10 years of experience in Asian gaming industry, including working as junkets in VIP lounges in various casinos in Macau. The junket business of Man Pou will be performed by Mr. Sin and Ms. Chen together with duly appointed agents of Man Pou. Save as disclosed above, Mr. Sin and Ms. Chen does not have any relationship with each other.

Man Pou has been appointed by the Casino as a junket representative since 16th May, 2006. So far as the Directors are aware, Man Pou is the only appointed junket representative at Jun Ying VIP Club. The Profit Agreement does not provide for the profit of other VIP Clubs to be included as part of the Profit and there is currently no intention for Man Pou to be a junket representative of the VIP Clubs. Acting as a junket representative at the Casino is the only track record that Man Pou has in respect of its operation as a junket representative. Other than being a junket representative, Man Pou does not engage in any other business. The licence granted to Man Pou for acting as a junket operator is valid for one year and is renewable. Man Pou's licence has been granted on 16th May, 2006 and is valid until 31st December, 2006. In relation to the requirements for obtaining a junket licence from the Macau Government, the licence can only be granted when the applicant is found to comply with the probity requirements. If the applicant is a corporate gaming operator, the probity requirements also apply to its shareholder with 5% or more of the share capital and its key employees. The applicant, when submitted an application request, has to produce, among other things, a questionnaire to ascertain the probity of the applicant. To consider whether the applicant fulfill the probity requirement, the relevant authorities of the Macau Government will consider the information provided by the applicant in the questionnaire, including its corporate, business and financial information, information regarding its key employees and shareholders, judicial litigation and governmental investigation, bankruptcy and insolvency, its previous experience in junket business. The relevant authorities will also consider the information provided by the corporate applicant's shareholder with 5% or more of the share capital and key employees, including their personal and family background, their financial information and civil proceedings or criminal investigation that they may involve.

As a junket representative, being an independent contractor responsible for soliciting customers to casino, Man Pou is primarily responsible for directing gaming customers to the Casino and using its best endeavors to actively promote the Casino to existing and potential customers. The net profit it receives, after deducting commission paid by it to its agents, administrative expenses and tax payable to the Macau Government, is approximately 0.4% of the Rolling Turnover.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Right Idea, Mr. Sin and Ms. Chen and their ultimate beneficial owners, are Independent Third Parties and all of them are independent of and not connected with the Directors and their respective associates.

Other than the Profit Agreement, Right Idea does not have any assets or liabilities nor does it has any profit or loss recorded as at the Latest Practicable Date. The auditors of the Company will have access to the Rolling Turnover figures generated by Man Pou and/or its customers at the Jun Ying VIP Club.

The board of directors of Right Idea will have three directors. The Group will appoint two directors to Right Idea. The Group will have control over the management of Right Idea as it owns 70% equity interests in Right Idea.

REASONS FOR THE ACQUISITION

The Group is principally engaged in the provision of marketing services to the gaming and entertainment industry, and providing IT consulting services in the Greater China Region.

Man Pou is among the first batch of junket representatives appointed by the Casino in 2006.

The Board has been actively exploring further suitable investment opportunities since the entering into of the management agreement on 14th July, 2005 by the Group in relation to the provision of management services to the Imperator VIP Club at the Galaxy Casino in Macau, given the Group has seen a turnaround in the profit. Given the vest opportunities in the Macau gaming industry, the Directors believe that through the Acquisition, the Group can broaden its revenue sources and obtain a stable source of income.

Due to the loosening of travel restrictions of mainland Chinese visitors, there is recent economic bloom in Macau. Also, the gaming activities of Macau are prosperous. Based on the statistics prepared by the Macau Government, the revenue generated by the gaming activities is growing steadily at an average growth rate of approximately 23% each year for the period between 2001 and 2005.

In view of the acquisition of the Profit by Right Idea, prior to the entry by the Company into the Target Acquisition Agreement, from Man Pou under the Profit Agreement, the recent economy blooming of the economy of Macau and the prospects of Macau's gaming business, the Directors believe that the Acquisition provide the Group with substantial and steady income stream. The Directors have indicated that the Group will continue to maintain its information technology business after Completion on a scale comparable to its present operation.

To ensure the Acquisition is fair and reasonable and to the interest of the Shareholders as a whole, (1) legal opinion has been sought to ensure that the gaming promotion business participated by Man Pou is lawful that the arrangement under the Profit Agreement is lawful, that Man Pou has valid license to carry on the junket business and that Right Idea is not required to comply with Macau laws and regulations related to gaming as a result of its acquisition of the Profit; and (2) favourable terms, including Quarterly Profit Guarantees are also bargained from the counterparty so as to ensure a minimum of HK$63,000,000 can be received by the Group under the Profit Agreement.

Taking into account the benefits of the Acquisition as described above, the Directors (including the independent non-executive Directors) are of the view that the Target Acquisition Agreement is entered into upon normal commercial terms following arm's length negotiations between the parties, the terms of the Target Acquisition Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

Moreover, the independent non-executive Directors had thorough understanding of the arrangement between the junket operators and the casino operators from the research result mentioned in the sub-section headed "Consideration" under the section headed "The Target Acquisition Agreement". They knew that the Group is entitled to 70% of the Profit due to the Group's 70% equity interest in Right Idea, which holds the Profit. They also understand that the Profit is partially sourced from the Rolling Turnover generated by Man Pou pursuant to the Junket Representative Arrangement. However, taking into account the benefits of the Acquisition and considering the transaction as a whole, the independent non-executive Directors were of the view that the Acquisition is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE ACQUISITION

As the Acquisition will be financed by internal resources together with Shares, non interest bearing Convertible Notes and Call Option, the Group's gearing ratio (measured on the basis of net debt (i.e. interest bearing debt) as a percentage of total shareholders' fund) would decrease from approximately 7.19% to 0.36% as at 31st March, 2006 on a pro forma basis. The Group's net asset value will be increased from HK$5,438,000 to HK$107,841,000 on a pro forma basis as a result of: (i) interest in profit sharing agreement approximately HK$140,495,000 and (ii) increase in the liabilities of approximately HK$38,092,000 which includes consideration payable for interest in profit sharing agreement amounted to approximately HK$38,081,000 and accruals and other payables of approximately HK$11,000. All of the above figures are extracted from the proforma information listed in Appendix III.

After Completion, the Group will be entitled to the Profits of the 70% of Right Idea.

MANAGEMENT DISCUSSION AND ANALYSIS OF RIGHT GATEWAY

For the period from 23rd June, 2006 to 31st August, 2006, Right Gateway was engaged in business of investment holding. Right Gateway holds a 70% interest in Right Idea, a company which has entered into an agreement with Man Pou to acquire 100% of its Profit, being approximately 0.4% of the Rolling Turnover generated by Man Pou and/or its customers at the Jun Ying VIP Club.

Saved for the above, Right Gateway has no operation since incorporation.

MISCELLANEOUS

The Group has continued to carry on the businesses of providing services in the gaming and entertainment sectors, and providing IT consulting services during the current financial year, and the Directors expect that the Group's steady growth will be maintained.

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31st March, 2006, the date to which the latest published audited financial statements of the Group were made up.

LISTING RULES IMPLICATIONS

As the relevant ratios as referred to in Chapter 19 of the GEM Listing Rules are 25% or more but less than 100%, the Acquisition constitutes a major transaction on the part of the Company under Chapter 19 of the GEM Listing Rules.

Accordingly, the Acquisition is subject to, among other things, the approval by the Shareholders at the SGM. No Shareholder has an interest in the Acquisition and is required to abstain from voting at the SGM.

IMPLICATIONS UNDER THE LAWS OF HONG KONG AND THE GEM LISTING RULES

Shareholders should be aware that under the guidelines issued by the Stock Exchange in relation to "Gambling activities undertaken by listing applicants and/or listed issuers" dated 11th March, 2003, should the Group directly or indirectly be engaged in gambling activities and operation of such gambling activities (i) fail to comply with the applicable laws in the areas where such activities operate; and/or (ii) contravene the Gambling Ordinance, the Company or its business may be considered unsuitable for listing under Rule 11.06 of the GEM Listing Rules, the Stock Exchange may direct the Company to take remedial action, and/or may suspend dealings in, or may cancel the listing of, the Shares. The Company will at all material times comply with these guidelines issued by the Stock Exchange.

In relation to the prevention of the money laundering activities, as both Man Pou and the Casino are respectively licensed to operate junket business and gaming business by the relevant authorities in Macau and the amount of bet/Rolling Turnover is properly registered by both Man Pou and the Casino, their gaming activities and businesses are subject to stringent control and regulation of the Macau Government. As their activities are under the regulation of the Macau Government, having conducted certain due diligence on the operations of Man Pou and obtained relevant legal opinion, the Directors believe that the activities they participate should be legal and lawful and thereby the income derived from these activities should also be lawful and proper.

Apart from relying on such stringent official control, the Company will also use its best endeavours to procure that effective internal control systems in place to make sure that the dividend distributed from Right Idea is derived from proper source, for instance, the Company will adopt the guideline set by the Hong Kong Monetary Authority in formulating anti-money laundering measures. The Company will also cross-check the Profit received or receivable with the original monthly junket representative settlement forms issued by the Casino to Man Pou. Further, the Company will from time to time obtain direct confirmation in respect of the Rolling Turnover generated by Man Pou from the Casino.

As an additional safeguard, the money remitted will also be routed through licensed Hong Kong banks which would exercise another level of anti-money laundering control.

Man Pou will assist the Casino to detect the suspicious transactions in combating money laundering activities. Such procedures include identifying and verifying the identity of customers through checking with their passport and identification card. CCTV surveillance system is also installed, which permits the review of suspicious transactions and the reconstruction of individual transaction of each customer.

SGM

A notice convening the SGM to be held at the Pacific Place Conference Centre , Level 5, One Pacific Place 88 Queensway, Hong Kong on 16th November, 2006 at 3:00 p.m. is set out on pages 92 to 93 of this circular.

A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the SGM, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar, Computershare Hong Kong Investor Services Limited at 46/F, Hopewell Centre, 183 Queen's Road Central, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding of the SGM or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjourned meeting (as the case may be) should you so wish.

Pursuant to Bye-law 70 of the Bye-laws, a resolution put to the vote of a general meeting of the Shareholders will be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded. A poll may be demanded by:

(a) the chairman of the meeting; or

(b) at least three Shareholders present in person or by proxy or by duly authorised representatives for the time being entitled to vote at the meeting; or

(c) any Shareholder or Shareholders present in person or by proxy or duly authorised corporate representative and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or

(d) any Shareholder or Shareholders present in person or by proxy or by duly authorised representatives and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

RECOMMENDATION

The Directors, including the independent non-executive Directors, consider that the Acquisitions are in the best interest of the Company and the Shareholders as a whole and that the terms and conditions thereof are fair and reasonable so far as the Company and the Shareholders are concerned and as such would recommend Shareholders to vote in favour of the relevant resolution at the SGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendix to this circular.

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

I. SUMMARY OF THE FINANCIAL RESULT OF THE THREE YEARS ENDED 31ST MARCH, 2006

The following is a summary of the audited consolidated income statement of the Group extracted from the related annual reports of the Group.

RESULTS

		2006	**2005**	**2004**
	Note	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	6	47,498	24,160	14,674
Other revenue	6	330	54	29
Raw materials and consumables used		(8,040)	(8,910)	(6,774)
Commission expenses		(15,837)	–	–
Staff costs		(13,407)	(10,798)	(8,175)
Depreciation on fixed assets		(284)	(424)	(772)
Amortisation and impairment loss on intangible assets		(578)	(1,279)	(3,382)
Impairment loss on available-for-sale financial assets		(330)	–	–
Bad debts written off		(412)	–	–
Provision for doubtful debts		(472)	(507)	(694)
Other operating expenses		(4,439)	(4,438)	(4,345)
Operating profit/(loss)	7	4,029	(2,142)	(9,689)
Finance costs	8	(347)	(272)	(263)
Profit/(loss) before taxation		3,682	(2,414)	(9,952)
Taxation	9	(833)	–	–
Profit/(loss) after taxation		2,849	(2,414)	(9,952)
Attributable to:				
– Equityholders of the parent		2,849	(2,414)	(9,952)
– Minority interest		–	–	–
		2,849	(2,414)	(9,952)
Earnings/(loss) per share	11			
Basic		HK1.13 cents	(HK0.97 cents)	(HK3.78 cents)
Diluted		N/A	N/A	N/A

II. FINANCIAL STATEMENTS

(a) Annual results

Set out below are the audited financial statements of the Group for the year ended 31st March, 2006 as extracted from the Group's 2006 annual report, together with the accompanying notes.

Consolidated Income Statement
For the year ended 31st March, 2006

	Note	**2006** *HK$'000*	**2005** *HK$'000*
Turnover	6	47,498	24,160
Other revenue	6	330	54
Raw materials and consumables used		(8,040)	(8,910)
Commission expenses		(15,837)	–
Staff costs		(13,407)	(10,798)
Depreciation on fixed assets		(284)	(424)
Amortisation and impairment loss on intangible assets		(578)	(1,279)
Impairment loss on available-for-sale financial assets		(330)	–
Bad debts written off		(412)	–
Provision for doubtful debts		(472)	(507)
Other operating expenses		(4,439)	(4,438)
Operating profit/(loss)	7	4,029	(2,142)
Finance costs	8	(347)	(272)
Profit/(loss) before taxation		3,682	(2,414)
Taxation	9	(833)	–
Profit/(loss) after taxation		2,849	(2,414)
Attributable to:			
– Equityholders of the parent		2,849	(2,414)
– Minority interest		–	–
		2,849	(2,414)
Earnings/(loss) per share	11		
Basic		HK1.13 cents	(HK0.97 cents)
Diluted		N/A	N/A

Balance Sheets
As at 31st March, 2006

		Group		Company	
		2006	**2005**	**2006**	**2005**
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets					
Intangible assets	15	–	578	–	–
Fixed assets	16	410	389	–	–
Interests in subsidiaries	17	–	–	12,577	11,854
Investments in securities	18	–	330	–	–
Available-for-sale financial assets	19	–	–	–	–
		410	1,297	12,577	11,854
Current assets					
Inventories	20	–	99	–	–
Trade receivables	21	7,796	3,851	–	–
Prepayments, deposits and other receivables		1,431	777	–	–
Pledged deposits	29	–	5,570	–	–
Fixed deposits		1,300	–	–	–
Cash and bank balances		5,585	1,494	75	11
		16,112	11,791	75	11
Current liabilities					
Trade payables	22	2,425	1,333	–	–
Accruals and other payables		4,039	2,648	843	105
Receipts in advance		2,083	2,131	–	–
Amount due to a director	25	–	358	–	896
Current portion of long-term bank loan	23	229	520	–	–
Current potion of obligations under finance leases	24	108	–	–	–
Bank overdrafts, secured		–	5,826	–	–
Amount due to ultimate holding company	25	1,313	–	265	–
Provision for taxation	9	833	–	–	–
		11,030	12,816	1,108	1,001
Net current assets/(liabilities)		5,082	(1,025)	(1,033)	(990)
Total assets less current liabilities		5,492	272	11,544	10,864
Non-current liabilities					
Obligations under finance leases	24	(54)	–	–	–
Long-term bank loan	23	–	(228)	–	–
		(54)	(228)	–	–
NET ASSETS		5,438	44	11,544	10,864

		Group		Company	
		2006	**2005**	**2006**	**2005**
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financed by:					
Share capital	26	25,303	25,006	25,303	25,006
Reserves	27	(19,865)	(24,962)	(13,759)	(14,142)
Shareholders' funds		5,438	44	11,544	10,864

Consolidated Statement of Changes in Equity
For the year ended 31st March, 2006

	Share capital *HK$'000*	Share premium *HK$'000*	Merger reserve *HK$'000*	Exchange reserve *HK$'000*	Accumulated losses *HK$'000*	Consolidated total *HK$'000*
At 1st April, 2004	25,006	5,613	(341)	(29)	(27,761)	2,488
Exchange differences arising on translation	–	–	–	(30)	–	(30)
Net loss for the year	–	–	–	–	(2,414)	(2,414)
At 31st March, 2005	25,006	5,613	(341)	(59)	(30,175)	44
Issue of shares on exercise of share options *(Note 26 and 27)*	297	2,257	–	–	–	2,554
Exchange differences arising on translation	–	–	–	(9)	–	(9)
Net profit for the year	–	–	–	–	2,849	2,849
At 31st March, 2006	25,303	7,870	(341)	(68)	(27,326)	5,438
Reserves retained by:						
Company and subsidiaries						
– At 31st March, 2006	25,303	7,870	(341)	(68)	(27,326)	5,438
– At 31st March, 2005	25,006	5,613	(341)	(59)	(30,175)	44

Consolidated Cash Flow Statement
For the year ended 31st March, 2006

	2006	2005
	HK$'000	*HK$'000*
Operating profit/(loss)	4,029	(2,142)
Depreciation of fixed assets	284	424
Amortisation of intangible assets	217	1,279
Loss on disposal of investment properties	–	135
Impairment losses on intangible assets	361	–
Impairment loss on available-for-sale financial assets	330	–
Interest income	(153)	(18)
Operating profit/(loss) before working capital changes	5,068	(322)
Decrease in inventories	99	147
Increase in trade receivables, prepayments, deposits and other receivables	(4,599)	(2,023)
Increase in trade payables, accruals, other payables and receipts in advance	2,435	689
Increase in amount due to ultimate holding company	1,313	–
Net cash inflow/(outflow) from operations	4,316	(1,509)
Operating activities		
Interest paid	(347)	(272)
Interest received	153	18
Net cash inflow/(outflow) from operating activities	4,122	(1,763)
Investing activities		
Purchase of fixed assets	(305)	(100)
Proceeds from disposal of investment properties	–	1,365
Net cash (outflow)/inflow from investing activities	(305)	1,265
Net cash inflow/(outflow) before financing	3,817	(498)
Financing activities		
Inception of finance leases	216	–
Capital element of finance lease payments	(54)	(25)
Repayment of long-term bank loan borrowed	(519)	(484)
Repayment to a director	(358)	(342)
Issue of share	2,554	–
Net cash inflow/(outflow) from financing activities	1,839	(851)

	2006 *HK$'000*	2005 *HK$'000*
Net increase/(decrease) in cash and cash equivalents	5,656	(1,349)
Cash and cash equivalents at the beginning of the year	1,238	2,617
Effect of foreign exchange rate changes	(9)	(30)
Cash and cash equivalents at the end of the year	6,885	1,238
Analysis of balances of cash and cash equivalents		
Cash and bank balances	5,585	1,494
Fixed deposits	1,300	–
Pledged deposits	–	5,570
Bank overdrafts	–	(5,826)
	6,885	1,238

Notes to the Financial Statements

31st March, 2006

1. BASIS OF PREPARATION

(a) GENERAL INFORMATION

The Company is an exempted company incorporated in Bermuda with limited liability and its shares are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office and principal place of business are respectively Canon's Court, 22 Victoria Street Hamilton HM 12, Bermuda and Rooms 2007-9, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company. Its subsidiaries are principally engaged in lease of software licences, trading of hardware equipment, provision of marketing consultancy services, and marketing service in Macau.

(b) CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include the accounts of the Company and its subsidiaries made up to 31st March.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

2. IMPACT OF RECENTLY ISSUED FINANCIAL REPORTING STANDARDS

The Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued a number of new or revised Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations, (herein collectively referred to as the "new HKFRSs"), which are generally effective for accounting periods commencing on or after 1st January, 2005.

Adoption of HKASs/HKFRSs

The Group has adopted the following HKASs issued in the financial statements for the year ended 31st March, 2006:

HKAS 1	Presentation of financial statements
HKAS 2	Inventories
HKAS 7	Cash flow statements
HKAS 8	Accounting policies, changes in accounting estimates and errors
HKAS 10	Events after the balance sheet date
HKAS 12	Incomes taxes
HKAS 14	Segment reporting
HKAS 16	Property, plant and equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee benefits
HKAS 21	The effects of changes in foreign exchange rates
HKAS 23	Borrowing costs
HKAS 24	Related party disclosures
HKAS 27	Consolidated and separate financial statements
HKAS 28	Investments in associates
HKAS 32	Financial instruments: Disclosure and presentation
HKAS 33	Earnings per share
HKAS 34	Interim financing reporting
HKAS 36	Impairment of assets
HKAS 37	Provision, contingent liabilities and contingent assets
HKAS 38	Intangible assets
HKAS 39	Financial instruments: Recognition and measurement
HKAS 40	Investment property

The adoption of these new/revised HKASs 1, 2, 7, 8, 10, 12, 14, 16, 17, 18, 19, 21, 23, 24, 27, 28, 32, 33, 34, 36, 37, 38, 39 and 40 did not result in substantial changes to the accounting policies of the Group and the methods of computation in the Group's consolidated financial statements. In summary:

– HKAS 1 affects certain presentation in the consolidated balance sheet, the consolidated income statement and consolidated statement of changes in equity.

– HKASs 14, 16, 17, 23 and 28 affect certain presentations and disclosures of the consolidated financial statements.

– HKASs 2, 7, 8, 10, 12, 18, 19, 21, 24, 27, 33, 34, 36, 37, 38 and 40 do not have any impact as the Group's accounting policies have already complied with the standards.

The adoption of HKASs 32, 39 has resulted in a change in the accounting policy relating to the investments in securities which is reclassified as the available-for-sale financial assets .

HKAS 39 does not permit to recognise, derecognise and measure financial assets and liabilities in accordance with this standard on a retrospective basis. The Group applied the previous Hong Kong Statement of Standard Accounting Practice ("SSAP") 24 "Accounting for investments in securities for the comparative information. The adjustments required for the accounting differences between SSAP 24 and HKAS 39, if any, are determined and recognised at 1st April, 2005.

3. IMPACT OF ISSUED BUT NOT YET EFFECTIVE FINANCIAL REPORTING STANDARDS

The Group has not early applied the following new standards, interpretations and amendments that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, interpretations or amendments will have no material impact on the financial statements of the Group.

HKAS 1 (Amendment)	Capital disclosures[1]
HKAS 19 (Amendment)	Actuarial gains and losses, group plans and disclosures[2]
HKAS 21 (Amendment)	Net investment in a foreign operation[2]
HKAS 39 (Amendment)	Cash flow hedge accounting of forecast intragroup transactions[2]
HKAS 39 (Amendment)	The fair value option[2]
HKAS 39 and HKFRS 4 (Amendments)	Financial guarantee contracts[2]
HKFRS 6	Exploration for and evaluation of mineral resources[2]
HKFRS 7	Financial instruments: Disclosures[1]
HK(IFRIC)-Int 4	Determining whether an arrangement contains a lease[2]
HK(IFRIC)-Int 5	Rights to Interests Arising from Decommissioning, restoration and environmental rehabilitation funds[2]
HK(IFRIC)-Int 6	Liabilities arising from participating in a specific market – waste electrical and electronic equipment[3]
HK(IFRIC)-Int 7	Applying the restatement approach under HKAS 29 Financial reporting in Hyperinflationary Economies[4]
HK(IFRIC)-Int 8	Scope of HKFRS 2[5]
HK(IFRIC)-Int 9	Reassessment of embedded derivatives[6]

[1] Effective for annual periods beginning on or after 1st January, 2007
[2] Effective for annual periods beginning on or after 1st January, 2006
[3] Effective for annual periods beginning on or after 1st December, 2005
[4] Effective for annual periods beginning on or after 1st March, 2006
[5] Effective for annual periods beginning on or after 1st May, 2006
[6] Effective for annual periods beginning on or after 1st June, 2006

4. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with generally accepted accounting principles in Hong Kong and comply with new HKFRSs issued by HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance.

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain plant and equipment and available-for-sale financial assets. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

A summary of the significant accounting policies adopted by the Group is set out below:

(a) REVENUE RECOGNITION

(i) Revenue from the sale of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

(ii) Rental income is recognised on an accrual basis.

(iii) Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

(iv) Income from securities and other investments is recognized when the right to receive payment is established.

(v) Revenue from the provision of technical support and maintenance beauty services and marketing service in Macau is recognized when the services are rendered to customers.

(b) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment other than investment properties and other properties are stated at cost less accumulated depreciation (see note 4(d)) and impairment losses (see note 4(e)).

Major costs incurred in restoring property, plant and equipment to their normal working condition are charged to the income statement. Improvements are capitalised and depreciated over their expected useful lives to the Company.

The gain or loss on disposal of property, plant and equipment other than investment properties is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement. Any revaluation reserve balance remaining attributable to the relevant asset is transferred to retained earnings and is shown as a movement in reserves.

(c) ASSETS UNDER LEASES

(i) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals receivables/payables under such operating leases are accounted for in the income statement on a straight-line basis over the periods of the respective lease.

(ii) Assets held for use in operating leases

Where the Group leases out assets under operating leases, the assets are included in the balance sheet according to their nature and, where applicable, are depreciated in accordance with the Group's depreciation policies, as set out in note 4(d). Impairment losses are accounted for in accordance with the accounting policy as set out in note 4(e). Revenue arising from operating leases is recognised in accordance with the Group's revenue recognition policies, as set out in note 4(a)(ii).

(iii) Operating leases charges

Where the Group has the use of assets under operating leases, payments made under the lease are charged to the income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

(d) AMORTISATION AND DEPRECIATION

Property, plant and equipment are depreciated at rates sufficient to write off their cost/valuation less accumulated impairment loss over their estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold improvement	50% or over the lease term whichever is shorter
Furniture and fixtures	25%
Computer equipment	25-33$^{1}/_{3}$%
Motor vehicles	25%

(e) IMPAIRMENT OF ASSETS

Internal and external sources of information are reviewed at each balance sheet date to identify indications that property, plant and equipment may be impaired or an impairment loss previously recognised no longer exists or may have decreased.

Assets that have an indefinite useful life are not subject to amortization, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped of the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(f) INTANGIBLE ASSETS

(i) Research and development costs

Research costs are expensed as incurred. Costs incurred on development projects relating to the design and testing of new or improved products are recognised as an intangible asset where the technical feasibility and intention of completing the product under development has been demonstrated and the resources are available to do so, costs are identifiable and there is an ability to sell or use the asset that will generate probable future economic benefits. Such development costs are recognised as an asset and amortised on a straight-line basis over a period of 3 years to reflect the pattern in which the related economic benefits are recognised. Development costs that do not meet the above criteria are expensed as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(ii) Software

The cost of acquisition of software is capitalised and treated as an intangible asset if the cost is not an integral part of the related hardware. Software is amortised on a straight-line basis over the remaining estimated useful life or 3 years whichever is shorter.

(g) SUBSIDIARIES

A subsidiary is a company in which the Group or Company, directly or indirectly, controls more than half of its voting power or issued share capital or controls the composition of its board of directors. Subsidiaries are considered to be controlled if the Company has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities.

Interests in subsidiaries in the balance sheet are stated at cost less identified impairment loss. The results of subsidiaries are accounted for to the extent of dividends received and receivable.

(h) FINANCIAL INSTRUMENTS

Investments are recognised and derecognised on the trade date when the Company commits itself to purchase or sell an asset and are initially measured at fair value plus, in the case of investments other than trading securities, transaction costs. At each balance sheet date, the Company assesses whether there is any objective evidence that an investment or group of investments is impaired. Investments are further categorised into the following classifications for the measurement after initial recognition.

(i) Trading securities

Investments in securities held for trading are classified as trading securities included in current assets and are stated in the balance sheet at fair value. Gain or loss on the fair value changes of trading securities is recognised in the income statement.

(ii) Held-to-maturity investments

Investment in debt securities with fixed or determinable payments and fixed maturity that the Company has the positive intention and ability to hold to maturity are classified as held-to-maturity investments, which are measured at amortised cost using the effective interest method, less impairment losses, if any.

Impairment losses on held-to-maturity investments are recognised in income statement when there is objective evidence that an impairment loss has been incurred and are measured as the difference between its carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at its original effective interest rate, i.e. the effective interest rate computed at initial recognition.

(iii) Available-for-sale financial assets

Investments other than those held for trading and held to maturity are classified as available-for-sale financial assets and are stated in the balance sheet at fair value. Gain or loss on the fair value changes of available-for-sale financial assets is recognised directly in equity in the fair value reserves, except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses which are recognised directly in income statement.

When the available-for-sale financial assets are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in income statement. Where the available-for-sale financial assets are interest-bearing, interest calculated using the effective interest method is recognised in income statement.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in income statement even though the financial asset has not been derecognised.

The amount of the cumulative loss that is removed from equity and recognised in income statement is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in income statement.

(iv) Unquoted equity instruments carried at cost

Investments in unquoted equity instruments whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, is measured at cost less impairment losses, if any.

If there is objective evidence that an impairment loss has been incurred on such instrument, the amount of impairment loss is measured as the difference between its carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar instrument. Such impairment losses are not reversed.

(i) LEASES

Leases of assets are classified as finance leases when the leases transfer substantially all risks and rewards incidental to ownership of the assets to the Company. All other leases are classified as operating leases.

(i) Finance leases

Assets held under finance leases are recognised in the balance sheet at amounts equal to the fair value of the leased assets, or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liabilities, net of finance charges, on the finance leases are recorded as obligations under finance leases. All assets held under finance leases are classified as fixed assets, except for those properties held to earn rental income which are classified as investment property, in the balance sheet.

Depreciation and impairment loss are calculated and recognised in the same manner as the depreciation and impairment loss on fixed assets as set out in note 4(b) and 4(e) respectively, except for the estimated useful lives cannot exceed the relevant lease terms, if shorter.

Minimum lease payments are apportioned between finance charge and the reduction of the outstanding liabilities. The finance charge is recognised in profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(ii) Leases of land and building

Whenever necessary in order to classify and account for a lease of land and building, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

The land element is classified as an operating lease unless title is expected to pass to the lessee by the end of the lease term. The building element is classified as a finance or operating lease in the same way as leases of other assets.

If the lease payments on a lease of land and building cannot be allocated reliably between the land and building elements at the inception of the lease, the entire lease is classified as a finance lease, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

(iii) Operating leases

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. The payments made on acquiring land held under an operating lease are recognised in the balance sheet as lease premium for land.

Contingent rents are charged as an expense in the periods in which they are incurred.

(j) INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost, calculated on a first-in, first-out basis, comprises all costs of purchases, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(k) TRADE RECEIVABLE

Provision is made against trade receivable to the extent that they are considered to be doubtful. Trade receivable in the balance sheet is stated net of such provision.

(l) PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised for liabilities of uncertain timing or amount when the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(m) INCOME TAX

(i) Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the income statement except to the extent that they relate to items recognised directly in reserves, in which case they are recognised in reserves.

(ii) Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

(iii) Deferred tax assets and liabilities arise from deductible and taxable temporary differences between the carrying amounts of assets and liabilities for financial reporting purpose and the tax bases respectively. Deferred tax assets also arise from unused tax losses and unused tax credits.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax assets and liabilities are not discounted. The carrying amount of deferred tax assets/liabilities is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilised.

(iv) Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if, and only if, the Group and the Company has the legally enforceable right to set off current tax assets against current tax liabilities. The principle of offsetting usually applies to income tax levied by the same tax authority on same taxable entity.

(n) CASH EQUIVALENTS

Cash equivalents are short-term, highly liquid investments which are readily convertible into known amounts of cash without notice and which were within three months of maturity when acquired. Cash equivalents include investments and advances denominated in foreign currencies provided that they fulfil the above criteria.

For the purposes of the cash flow statement, cash equivalents would also include bank overdrafts and advances from banks repayable within three months from the date of the advance.

(o) FOREIGN CURRENCIES

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the balance sheet date. All differences are taken to profit or loss. Non-monetary items that are measured in the terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the balance sheet date, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the balance sheet date and, their profit and loss accounts are translated into Hong Kong dollars at the exchange rates ruling at the dates of transactions for the year. The resulting exchange differences are included in the exchange fluctuation reserve. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the profit and loss account.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated to Hong Kong dollars at the weighted average exchange rates for the year.

(p) BORROWING COSTS

Borrowing costs include interest charges and other costs incurred in connection with the borrowing of funds.

Borrowing costs are expensed as incurred, except when they are directly attributable to the acquisition, construction or production of assets that necessarily takes a substantial period of time to get ready for their intended use in which case they are capitalised as part of the cost of that asset. Capitalisation of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and the activities to prepare the asset for its intended use are in progress. Borrowing costs are capitalised at the weighted average cost of the related borrowings until the asset is ready for its intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded. All other borrowing cost are charged to the income statement in the year in which they are incurred.

(q) EMPLOYEE BENEFITS

Salaries, annual bonuses, paid annual leave, leave passage and the cost to the Company of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Provision is made in respect of paid leave entitlement accumulated during the year, which can be carried forward into future periods for compensated absence or payment in lieu if the employee leaves employment.

The Group operates a defined contribution retirement schemes and the regular cost of providing retirement benefits is charged to the income statement over the expected service lives of the members of the scheme on the basis of level percentages of pensionable pay. Variations from regular cost arising from triennial actuarial valuations are allocated to the income statement over the expected remaining service lives of the members.

Contributions to Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Scheme Ordinance are charged to the income statement when incurred.

(r) RELATED PARTIES

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or vice versa, or where the parties are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or corporate entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Group or of any entity that is a related party of the Group.

(s) SEGMENT REPORTING

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and property, plant and equipment. Segment revenue, expenses, assets, and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between Group enterprises within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, corporate and financing expenses and minority interests.

(t) CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(u) COMPARATIVES

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying the Company's accounting policies

There are no significant effects on amounts recognised in the financial statements arising from the judgements used by the management in the process of applying the Company's accounting policies, which are described in note 4.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

(i) Impairment allowances on available-for-sale financial assets

The Company establishes, through charges against the income statement, impairment allowances in respect of estimated incurred loss in available-for-sale financial assets. The overall impairment allowances represent the aggregate amount by which the management considers necessary to write down its portfolio in order to state it in the balance sheet at its estimated net recoverable value.

Management considers objective evidence of impairment. An individual impairment allowance is assessed by a discounted cash flow method, measured at the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(ii) Estimated impairment to intangible assets

The Group assesses annually whether intangible assets have any indication of impairment, in accordance with the relevant accounting policies. The recoverable amounts of intangible assets have been determined based on value-in-use calculations or scrap value. These calculations and valuations require the use of judgement and estimates on future operating cash flows and discount rates adopted and estimated market value of the scraps.

(iii) Impairment assessment for trade receivables

The policy for impairment assessment for trade receivables of the Group is based on the evaluation of collectability and an aging analysis of trade receivables and on the judgement of the management. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group are deteriorate, resulting in an impairment of their ability to make payments, additional provision may be required.

6. TURNOVER, REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the trading of software packages, provision of consultancy, technical support and marketing service in Macau. Revenues recognised during the year are as follows:

	2006 *HK$'000*	**2005** *HK$'000*
Turnover		
Sales of customised software and related computer equipment	17,828	17,198
Sales and lease of packaged software	977	2,313
Provision of technical support and maintenance services	5,915	4,627
Rental income	–	22
Provision of beauty-salon services	–	–
Marketing service in Macau	22,778	–
	47,498	24,160
Other revenue		
Interest income	153	18
Sundry income	115	36
Government grant	30	–
Other service fee	32	–
	330	54
Total revenues	47,828	24,214

PRIMARY REPORTING FORMAT – BUSINESS SEGMENTS

The Group is organised into six major business segments:

(i) Sales of customised software and related computer equipment

(ii) Sales and lease of packaged software

(iii) Provision of technical support and maintenance services

(iv) Lease of an investment property

(v) Provision of beauty-salon services

(vi) Marketing service in Macau

There are no sales or other transactions between the business segments.

	2006						
	Customised software and related computer equipment *HK$'000*	**Packaged software** *HK$'000*	**Technical support and maintenance** *HK$'000*	**Lease of investment property** *HK$'000*	**Beauty-salon** *HK$'000*	**Marketing service in Macau** *HK$'000*	**Group** *HK$'000*
Turnover	17,828	977	5,915	–	–	22,778	47,498
Segment results	1,728	466	1,865	–	–	6,942	11,001
Other revenue							330
Unallocated corporate expenses							(7,302)
Operating profit							4,029
Finance costs							(347)
Taxation							(833)
Minority interests							–
Profit attribution to shareholders							2,849
Segment assets	8,016	439	2,660	–	–	5,407	16,522
Unallocated assets							–
Total assets							16,522
Segment liabilities	6,263	343	2,079	–	–	2,399	11,084
Unallocated liabilities							–
Total liabilities							11,084
Depreciation and amortisation	356	20	117	–	–	8	501
Unallocated corporate expenses							–
Total depreciation and amortisation							501
Impairment losses recognised in the income statement	261	14	86	–	–	–	361
Unallocated impairment loss							330
Total impairment losses							691
Capital expenditures	197	11	66	–	–	31	305

	2005						
	Customised software and related computer equipment *HK$'000*	**Packaged software** *HK$'000*	**Technical support and maintenance** *HK$'000*	**Lease of investment property** *HK$'000*	**Beauty-salon** *HK$'000*	**Marketing service in Macau** *HK$'000*	**Group** *HK$'000*
Turnover	17,198	2,313	4,627	22	–	–	24,160
Segment results	987	254	508	22	–	–	1,771
Other revenue							54
Unallocated corporate expenses							(3,967)
Operating loss							(2,142)
Finance costs							(272)
Taxation							–
Minority interests							–
Loss attribution to shareholders							(2,414)
Segment assets	9,106	1,225	2,426	–	1	–	12,758
Unallocated assets							330
Total assets							13,088
Segment liabilities	9,169	1,981	1,085	–	358	–	12,593
Unallocated liabilities							451
Total liabilities							13,044
Depreciation and amortisation	1,214	163	326	–	–	–	1,703
Unallocated corporate expenses							–
Total depreciation and amortisation							1,703
Impairment losses recognised in the income statement	–	–	–	–	–	–	–
Unallocated impairment loss							–
Total impairment losses							–
Capital expenditures	71	10	19	–	–	–	100

GEOGRAPHICAL SEGMENTS

The Group mainly operates in Hong Kong, Macau and the PRC. In presenting information on the basis of geographical segments, segment turnover and segment results are based on the geographical location of customers and segment assets and capital expenditures are based on geographical location of the assets.

	2006		2005	
	Segment Turnover	Segment results	Turnover	results
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	24,720	(3,355)	24,146	(2,238)
Macau	22,778	6,109	–	–
PRC	–	(235)	14	(230)
	47,498	2,519	24,160	(2,468)
Other revenue		330		54
Operating profit/(loss)		2,849		(2,414)

	2006		2005	
	Assets	Capital expenditure	Assets	Capital expenditure
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	10,810	305	12,783	100
Macau	5,407	–	–	–
PRC	305	–	305	–
	16,522	305	13,088	100

7. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after crediting and charging the following:

	2006	2005
	HK$'000	*HK$'000*
Crediting		
Net rental income	–	22
Charging		
Advertising and promotion costs	349	201
Amortisation of intangible assets	217	1,279
Auditors' remuneration	280	210
Depreciation		
Owned fixed assets	255	402
Leased fixed assets	29	22
Impairment		
Intangible assets	361	–
Available-for-sale financial assets	330	–
Loss on disposal of investment properties	–	135
Operating leases in respect of land and buildings	1,251	695
Less: Amount capitalised as intangible assets	–	–
	1,251	695
Staff costs including directors' emoluments *(Note 12)*	13,407	10,798
Less: Amount capitalised as intangible assets	–	–
	13,407	10,798

8. FINANCE COSTS

	2006	2005
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts wholly repayable with five years	341	272
Interest element of finance leases	6	–
	347	272

9. TAXATION

No provision for Hong Kong profits tax has been made in the accounts as the Group does not have any assessable profit for the year (2005: Nil).

No provision for PRC enterprise income tax has been made in the accounts as all subsidiaries of the Company operating in the PRC are eligible for tax exemptions during the year ended 31st March, 2006 (2005: Nil).

Overseas taxes on profits assessable of the Group if any, are calculated at the rates of tax prevailing in the respective jurisdictions in which they operate, bases on the prevailing legislation, interpretations and practices in respect thereof.

Deferred tax assets have not been recognised in respect of the tax losses incurred by the Group as they have arisen in companies that have been loss-making for some time.

(a) Taxation in the income statement represents:

	2006	2005
	HK$'000	*HK$'000*
Hong Kong profits tax	–	–
Macau profits tax		
– Provision for the year is calculated at 12% (2005: Nil) of the estimated assessable profits for the year	833	–
	833	–

(b) Reconciliation of the taxation applicable to profit/(loss) before taxation using the statutory rates for the places in which the Company and its subsidiaries are domiciled to the taxation at the effective tax rates are as follows:

	2006	2005
	HK$'000	*HK$'000*
Profit/(loss) before taxation	3,682	(2,414)
Tax at statutory rate of 17.5%	644	(422)
Effect of different tax rates in other places	(418)	(36)
Tax effect on income not subject to tax	47	(3)
Tax effect on expenses not deductible for tax	92	259
Tax effect on temporary differences not recognised	143	185
Tax effect on tax losses utilised	(139)	(36)
Tax effect on tax losses not recognised	464	53
Tax expenses	833	–

10. LOSS ATTRIBUTABLE TO SHAREHOLDERS

The loss attributable to shareholders is dealt with in the accounts of the Company to the extent of HK$1,874,000 (2005: loss of HK$725,000).

11. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share is based on the Group's profit attributable to shareholders for the year of HK$2,849,000 (2005: loss of HK$2,414,000) and on the weighted average number of 251,461,767 (2005: 250,060,000) ordinary shares in issue during the year.

Diluted earning per share is not presented for this year as the Group had no potential ordinary shares as at the balance sheet date.

For the year ended 31st March, 2005, no diluted loss per share is presented as the outstanding share options of the Company had anti-dilutive effects on the basic loss per share.

12. STAFF COSTS INCLUDING DIRECTORS' EMOLUMENTS

	2006	2005
	HK$'000	*HK$'000*
Salaries	12,934	10,279
Defined contribution pension costs	471	347
Other staff costs	2	172
	13,407	10,798

13. RETIREMENT BENEFITS COSTS

Following the introduction of the Mandatory Provident Fund Ordinance in Hong Kong, the Group participates in two pension schemes for its employees in Hong Kong, one registered under the Occupational Retirement Scheme Ordinance (the "ORSO Scheme") and one registered under the Mandatory Provident Fund Ordinance (the "MPF Scheme").

Under the ORSO Scheme, the Group has arranged for its employees (including certain executive directors) provident fund under a defined contribution scheme managed by an independent trustee. The Group makes contributions to the scheme with an amount ranging from 3% to 7% of the employees' basic salaries. The employees are entitled to receive their entire contribution and the accrued interest thereon, and 100% of the employers' contribution and the accrued interest thereon upon retirement or leaving the Group after completing ten years of service or at a reduced scale of between 30% to 90% after completing three to nine years of service. The forfeited contributions made by the Group and related accrued interest are used to reduce the Group's future contributions. This scheme is not available to employees who join the Group after 1st December, 2000.

The MPF Scheme was set up on 1st December, 2000 and is a defined contribution scheme managed by an independent trustee. Members of the ORSO Scheme were given a one-time option to choose to transfer to the MPF Scheme or remain in the ORSO Scheme. Under the MPF Scheme, each of the Group and its employees makes monthly contribution to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund Ordinance. The contributions from each of the employees and the Group are subject to a contribution cap of HK$1,000 per month. Any additional contributions in excess of HK$1,000 are voluntary.

As stipulated by regulations in the PRC, the Group also participates in the state-sponsored retirement plans for all of its employees in the PRC. The Group contributes to the retirement plans 11% to 21% of the basic salary of its employees and has no future obligation for actual pension payments or post-retirement benefits beyond the annual contributions. The state-sponsored retirement plans are responsible for the entire pension obligation payable to all retired employees.

No forfeited contributions were utilised during the year and there were no material forfeitures available to reduce the Group's future contributions at both 31st March, 2006 and 31st March, 2005.

14. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) DIRECTORS' EMOLUMENTS

The aggregate amounts of emoluments payable to directors of the Company during the year are as follows:

	2006	2005
	HK$'000	*HK$'000*
Fees	24	–
Salaries including benefits in kind	1,627	1,900
Pension contributions	22	27
	1,673	1,927

The remuneration of individual director is set out below:

	For the year ended 31st March, 2006			
	Fees	**Salaries, allowances and benefits in kind**	**Retirement contributions**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors				
Wong Kam Leong (appointed on 28/11/2005)	–	–	–	–
Lau Chiu Pui	–	1,200	13	1,213
Lai Cho Wai (appointed on 22/6/2005)	–	185	–	185
Ma Chon (appointed on 28/11/2005)	–	13	–	13
Chau Pui Fong, Trish (appointed on 10/6/2004 and resigned on 3/1/2006)	–	183	9	192
Non-executive director				
Chiu Raymond Yim (resigned on 3/1/2006)	–	–	–	–
Independent non-executive directors				
Leong Meng Wa (appointed on 7/4/2006)	–	–	–	–
Ng Kwok Chu, Winfield (appointed on 3/1/2006)	12	–	–	12
Ng Chau Tung, Robert (appointed on 3/1/2006)	12	–	–	12
Cheong Ngai Ming, David (appointed on 1/2/2005 and resigned on 3/1/2006)	–	46	–	46
Kwan Ngan Hing, Edith (resigned on 3/1/2006)	–	–	–	–
Chan Wai Choi, Glenn (resigned on 3/1/2006)	–	–	–	–
	24	1,627	22	1,673

	For the year ended 31st March, 2005			
	Fees	**Salaries, allowances and benefits in kind**	**Retirement contributions**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors				
Lau Chiu Pui	–	1,200	11	1,211
Lai Shu Pui, Fergus (resigned on 30/4/2004)	–	270	2	272
Wong Kit Mei (resigned on 30/4/2004)	–	180	2	182
Chan Pui Fong, Trish (appointed on 10/6/2004 and resigned on 3/1/2006)	–	240	12	252
Non-executive director				
Chiu Raymond Yim (resigned on 3/1/2006)	–	–	–	–
Independent non-executive directors				
Cheong Ngai Ming, David (appointed on 1/2/2005 and resigned on 3/1/2006)	–	10	–	10
Kwan Ngam Hing, Edith (resigned on 3/1/2006)	–	–	–	–
Chan Wai Choi, Glenn (resigned on 3/1/2006)	–	–	–	–
	–	1,900	27	1,927

The emoluments of directors fell within the following bands:

	Number of directors	
	2006	**2005**
Nil – HK$1,000,000	11	7
HK$1,000,001 – HK$2,000,000	1	1

During the year, no options (2005: Nil) were granted to the directors.

No directors have waived emoluments in respect of the two years ended 31st March, 2006 and 2005.

(b) FIVE HIGHEST PAID INDIVIDUALS

The five individuals whose emoluments were the highest in the Group for the year include one (2005: one) director whose emoluments are reflected in the analysis presented above.

The emoluments payable to the remaining four (2005: four) individuals during the year are as follows:

	2006	**2005**
	HK$'000	*HK$'000*
Salaries and other emoluments	2,326	1,993
Pension contributions	48	44
	2,374	2,037

The emoluments fell within the following band:

	Number of individuals	
	2006	**2005**
Nil – HK$1,000,000	4	4

15. INTANGIBLE ASSETS

	Group		
	Development expenditures	Software	Total
	HK$'000	*HK$'000*	*HK$'000*
Cost			
At 1st April, 2005	8,268	1,300	9,568
Additions	–	–	–
At 31st March, 2006	8,268	1,300	9,568
Accumulated amortisation and impairment			
At 1st April, 2005	8,268	722	8,990
Amortisation charge for the year	–	217	217
Impairment for the year	–	361	361
At 31st March, 2006	8,268	1,300	9,568
Net book value			
At 31st March, 2006	–	–	–
At 31st March, 2005	–	578	578

	Group		
	Development expenditures	Software	Total
	HK$'000	*HK$'000*	*HK$'000*
Cost			
At 1st April, 2004	8,268	1,300	9,568
Additions	–	–	–
At 31st March, 2005	8,268	1,300	9,568
Accumulated amortisation and impairment			
At 1st April, 2004	7,422	289	7,711
Amortisation charge for the year	846	433	1,279
At 31st March, 2005	8,268	722	8,990
Net book value			
At 31st March, 2005	–	578	578
At 31st March, 2004	846	1,011	1,857

16. FIXED ASSETS

	Group					
	Investment property *HK$'000*	Leasehold improvement *HK$'000*	Furniture and fixtures *HK$'000*	Computer equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Cost						
At 1st April, 2005	–	489	1,088	2,371	457	4,405
Additions	–	–	10	295	–	305
At 31st March, 2006	–	489	1,098	2,666	457	4,710
Accumulated depreciation						
At 1st April, 2005	–	419	1,059	2,081	457	4,016
Depreciation charge for the year	–	70	16	198	–	284
At 31st March, 2006	–	489	1,075	2,279	457	4,300
Net book value						
At 31st March, 2006	–	–	23	387	–	410
At 31st March, 2005	–	70	29	290	–	389

	Group					
	Investment property *HK$'000*	Leasehold improvement *HK$'000*	Furniture and fixtures *HK$'000*	Computer equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Cost						
At 1st April, 2004	1,500	981	1,088	2,271	457	6,297
Additions	–	–	–	100	–	100
Disposals	(1,500)	(492)	–	–	–	(1,992)
At 31st March, 2005	–	489	1,088	2,371	457	4,405
Accumulated depreciation						
At 1st April, 2004	–	754	958	1,915	457	4,084
Depreciation charge for the year	–	157	101	166	–	424
Disposals	–	(492)	–	–	–	(492)
At 31st March, 2005	–	419	1,059	2,081	457	4,016
Net book value						
At 31st March, 2005	–	70	29	290	–	389
At 31st March, 2004	1,500	227	130	356	–	2,213

As at 31st March, 2006, the carrying amount of fixed assets held under finance leases amounted to HK$188,000 (2005: HK$Nil).

17. INTERESTS IN SUBSIDIARIES

	Company	
	2006 *HK$'000*	**2005** *HK$'000*
Unlisted shares, at cost	418	418
Due from subsidiaries	29,478	28,168
Due to subsidiaries	(842)	(255)
	29,054	28,331
Provision for impairment losses	(16,477)	(16,477)
	12,577	11,854

The following is a list of subsidiaries as at 31st March, 2006:

Name	Place of incorporation and operation	Particulars of Issued share capital/ registered capital	Effective interest attributable to the Group	Principal Activities
Cherry Oasis (Far East) Limited	Hong Kong	1 ordinary share of HK$1 each	*100%	Investment holding
Cherry Oasis (Macau) Limited	Macau	50,000 ordinary shares of MOP$1	100%	Marketing service in Macau
Magic Business Solutions Limited	Hong Kong	250,000 ordinary shares of HK$1 each	100%	Investment holding
CyberM (Guangzhou) Information Technology Limited#	PRC	HK$1,750,000	100%	Inactive
CyberM Holdings Limited	Hong Kong	10,000 ordinary shares of HK$1 each	100%	Inactive
CyberM Information Technology Limited	Hong Kong	700,000 ordinary shares of HK$1 each	100%	Trading of software and hardware equipment
Magic Information Technology Limited	Hong Kong	2 ordinary shares of HK$1 each	100%	Trading of software and hardware equipment
MagicPlus Solutions Limited	Hong Kong	750,000 ordinary shares of HK$1 each	60%	Lease of software licences, trading of hardware equipment and provision of consultancy services
Mcmanners Management Limited	British Virgin Islands	10,000 ordinary shares of US$1 each	*100%	Investment holding
Parkfield (China) Limited	Hong Kong	2 ordinary shares of HK$1 each	100%	Investment holding
SchoolPlus Limited	Hong Kong	2 ordinary shares of HK$1 each	100%	Trading of software and hardware equipment
Shilesse (Changsha) Limited#	PRC	HK$350,000	60%	** Provision of beauty-salon services
Shilesse Management Consultant Limited	Hong Kong	10 ordinary shares of HK$1 each	60%	Investment holding

* Shares held directly by the Company

** The business operation was suspended since March 2004

Wholly-foreign-owned enterprise established in the PRC

18. INVESTMENTS IN SECURITIES

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Unlisted equity securities, at cost	–	1,850
Club debenture, at cost	–	330
Less: Provision for impairment losses	–	(1,850)
	–	330

By the adoption of HKAS 32 and 39, the investments in securities were reclassified as available-for-sale financial assets from 1st April, 2005 and thereafter.

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Unlisted equity securities, at cost	1,850	–
Club debenture, at cost	330	–
Less: Provision for impairment losses	(2,180)	–
	–	–

By the adoption of HKAS 32 and 39, the investments in securities were reclassified as available-for-sale financial assets from 1st April, 2005 and thereafter.

20. INVENTORIES

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Merchandise	–	99

21. TRADE RECEIVABLES

The ageing analysis of trade receivables is as follows:

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Within three months	6,878	2,690
Over three months and within six months	718	499
Over six months and within one year	128	445
Over one year and within two years	72	129
Over two years and within three years	–	88
	7,796	3,851

The Group normally grants its customers credit periods for sales of goods ranging from 0 to 14 days. Considerations in respect of contracts for development of customised software, sales of related computer equipment, sales and lease of packaged software, the provision of technical support and maintenance services are payable pursuant to the terms of the respective contracts. The Group generally granted credit period of 2 months to customers in marketing service sector.

22. TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Within three months	2,346	1,018
Over three months and within six months	29	189
Over six months and within one year	–	117
Over one year and within two years	50	3
Over two years	–	6
	2,425	1,333

23. INTEREST-BEARING BORROWINGS

	The Group	
	2006	**2005**
	HK$'000	*HK$'000*
Bank loans, unsecured		
Current portion	229	520
Non-current portion	–	228
	229	748

The interest rate on unsecured bank loans is charged on the outstanding balance at prime rate plus 2% per annum.

The non-current portion represents the interest-bearing borrowings shall be repayable in the second to fifth years.

24. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2006	**2005**	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amount payable:				
Within one year	118	–	108	–
In the second to fifth years	59	–	54	–
	177	–	162	–
Future finance charges	(15)	–	–	–
Present value of lease obligations	162	–	162	–

25. AMOUNT DUE TO A DIRECTOR/ULTIMATE HOLDING COMPANY

The amounts are unsecured, interest-free and repayable on demand.

26. SHARE CAPITAL

	No. of share	
	'000	*HK$'000*
Authorised:		
Ordinary shares of HK$0.1 each		
At 1st April, 2005 and 31st March, 2006	1,000,000	100,000
Issued and fully paid:		
Ordinary shares of HK$0.1 each		
At 1st April, 2005	250,060	25,006
Issue of shares *(Note)*	2,970	297
At 31st March, 2006	253,030	25,303

Note:

During the year, the Company issued and allotted 2,000,000 and 970,000 ordinary shares of HK$0.1 each of the Company for cash at HK$1.18 and HK$0.2 per share respectively as a result of the exercise of share options.

(a) SHARE OPTION SCHEME ADOPTED ON 1ST AUGUST, 2000

Pursuant to the share option scheme (the "Old Scheme") adopted by the Company on 1st August, 2000, the Board shall be entitled to grant options to full-time employees of the Group including executive directors and chief executive of the Company to subscribe for shares in the Company. The options granted under the Old Scheme were exercisable from 4th September, 2000 to 3rd September, 2010 at an exercise price of HK$1.18.

Movements in the number of options outstanding under the Old Scheme during the year are as follows:

	2006	2005
At 1st April,	4,276,000	6,368,000
Exercised	(2,000,000)	–
Lapsed	(2,276,000)	(2,092,000)
At 3l March	–	4,276,000
Representing:		
Executive directors	–	–
Chief executive	–	–
Full-time employees	–	4,276,000

Noble Class Group Limited ("Noble Class"), the former controlling shareholder of the Company, entered into an option agreement with Wide Fine International Limited ("Wide Fine"), the present ultimate holding company of the Group whereby Noble Class granted Wide Fine the right to acquire up to 177,500,000 existing shares in the Company from Noble Class (the "Option"). From 25th July, 2005 to 29th September, 2005, Wide Fine exercised the Option in full to acquire shares of the Company and became the controlling shareholder of the Company.

In accordance with the conditions of the Share Option Schemes dated 1st August, 2000 and 18th August, 2003 respectively, the outstanding options would be lapsed after 6 months of the change of control of the Company, which was 29th March, 2006,

(b) SHARE OPTION SCHEME ADOPTED ON 18TH AUGUST, 2003

A new share option scheme (the "New Scheme") was approved and adopted by the shareholders of the Company at an annual general meeting held on 18th August, 2003. Under the New Scheme, the directors of the Company are authorised to grant options to the full-time employees of the Group including executive directors and chief executive to subscribe for shares of the Company. On 12th December, 2003, 690,000 options and 1,332,000 options which were exercisable from 15th December, 2003 to 13th June, 2009 and from 14th June, 2005 to 13th June, 2009 respectively were granted under the New Scheme at an exercise price of HK$0.2.

On 18th August, 2003, the Old Scheme was terminated and replaced by the New Scheme. Since then, no further option can be granted under the Old Scheme while all options granted prior to such termination continue to be valid and exercisable.

Movements in the number of options outstanding under the New Scheme during the year are as follows:

	2006	2005
At 1st April,	1,114,000	1,950,000
Exercised	(970,000)	–
Lapsed	(144,000)	(836,000)
At 31 March	–	1,114,000
Representing:		
Executive directors	–	250,000
Chief executive	–	–
Full-time employees	–	864,000

Noble Class Group Limited ("Noble Class"), the former controlling shareholder of the Company, entered into an option agreement with Wide Fine International Limited ("Wide Fine"), the present ultimate holding company of the Group whereby Noble Class granted Wide Fine the right to acquire up to 177,500,000 existing shares in the Company from Noble Class (the "Option"). From 25th July, 2005 to 29th September, 2005, Wide Fine exercised the Option in full to acquire shares of the Company and became the controlling shareholder of the Company.

In accordance with the conditions of the Share Option Schemes dated 1st August, 2000 and 18th August, 2003 respectively, the outstanding options would be lapsed after 6 months of the change of control of the Company, which was 29th March, 2006,

27. RESERVES

	Group				
	Share premium *HK$'000*	**Merger reserve** *HK$'000* *(Note)*	**Exchange reserve** *HK$'000*	**Accumulated losses** *HK$'000*	**Total** *HK$'000*
At 1st April, 2005	5,613	(341)	(59)	(30,175)	(24,962)
Issue of shares at premium	2,257	–	–	–	2,257
Exchange differences	–	–	(9)	–	(9)
Profit for the year	–	–	–	2,849	2,849
At 31st March, 2006	7,870	(341)	(68)	(27,326)	(19,865)
At 1st April, 2004	5,613	(341)	(29)	(27,761)	(22,518)
Exchange differences	–	–	(30)	–	(30)
Loss for the year	–	–	–	(2,414)	(2,414)
At 31st March, 2005	5,613	(341)	(59)	(30,175)	(24,962)

	Company		
	Share premium	**Accumulated losses**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1st April, 2005	5,613	(19,755)	(14,142)
Issue of shares at premium	2,257	–	2,257
Loss for the year	–	(1,874)	(1,874)
At 31st March, 2006	7,870	(21,629)	(13,759)
At 1st April, 2004	5,613	(19,030)	(13,417)
Loss for the year	–	(725)	(725)
At 31st March, 2005	5,613	(19,755)	(14,142)

At 31st March, 2005 and 2006, the Company had no distributable reserve.

Note: The merger reserve represents the difference between the nominal value of the share capital of subsidiaries acquired and the nominal value of the Company's shares issued in exchange thereof.

28. DEFERRED TAXATION

As at 31st March, 2006, the following temporary differences have not been recognised.

	Group		Company	
	2006	**2005**	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Tax losses	3,512	3,595	391	112
Temporary differences				
– Plant and machinery	(37)	107	–	–
– Provision for doubtful debts	278	89	–	–
	241	196	–	–
	3,753	3,791	391	112

Deferred tax assets have not been recognised in respect of the above items because it is not probable that future taxable profits will be available against which the Group and the Company can utilise the benefits. There is no expiry date of tax loss.

29. BANKING FACILITIES

As at 31st March, 2006, the Group's general banking facilities were secured by a fixed bank deposit of approximately HK$Nil (2005: HK$5,570,000).

30. COMMITMENTS UNDER OPERATING LEASES

As at 31st March, 2006, the Group and the Company had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	Group		Company	
	2006	**2005**	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Not later than one year	1,879	634	–	256
Later than one year and not later than five years	1,141	415	–	–
	3,020	1,049	–	256

31. FUTURE OPERATING LEASE ARRANGEMENTS

As at 31st March, 2006, the Group had future aggregate minimum lease receivable under non-cancellable operating leases as follows:

	Land and buildings		Others	
	2006	**2005**	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Not later than one year	–	–	–	1,666
Later than one year and not later than five years	–	–	–	791
	–	–	–	2,457

32. RELATED PARTY TRANSACTIONS

Key management compensation

Key management personnel are the directors of the Group and of the Company.

The compensation of directors of the Group and the Company during the year are included in note 14 to the financial statements.

The emoluments of directors are determined by the Remuneration Committee having regard to the performance of individuals and market trends.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include trade and other receivables, amounts due from fellow subsidiaries, bank balances and cash, trade and other payables. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

a) Credit risk

The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history.

b) Liquidity risk

The Group manages its funds conservatively by maintaining a comfortable level of cash and cash equivalents in order to meet continuous operational need. Various banking facilities and credit lines have also been arranged with different banks in order to fund any emergency liquidity requirements.

c) Cash flow interest rate risk

The Group's interest rate risk arises from bank balances which bear market interest rates. As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

34. ULTIMATE HOLDING COMPANY

The directors regard Wide Fine International Limited, a company incorporated in Hong Kong, as being the ultimate holding company.

III. MATERIAL ADVERSE CHANGE

As at the Latest Practice Date, the Directors are not aware of any material change in the financial or trading position of the Group since 31st March, 2006, being the date of the latest published audited financial statements of the Company.

IV. INDEBTEDNESS

At the close of the business on 31st August, 2006, being the latest practicable date for the purpose of this indebtedness statement, the Enlarged Group had the following indebtedness:

	As at 31st August, 2006		
	The Group	**Right Gateway**	**The Enlarged Group**
	HK$'000	*HK$'000*	*HK$'000*
Obligation under finance leases			
– due within one year	103	–	103
– due after one year	14	–	14
	117	–	117
Amount due to ultimate holding company	1,261	–	1,261
Other payables	–	11	11
	1,378	11	1,389

Save as aforesaid and apart from intra-group liabilities, the Enlarged Group did not have any outstanding debt securities and any other borrowings/indebtedness in the nature of borrowing of the Enlarged Group including: bank overdrafts, liabilities under acceptances, acceptance credits, hire purchase commitments, mortgages or charges, contingent liabilities or guarantees.

V. WORKING CAPITAL

The Directors are of the opinion that, upon completion of Acquisition, the Enlarged Group has sufficient working capital for its requirements currently and for the period ending 12 months from the date of this circular.

VI. CURRENT TRADING AND PROSPECTS

The Group has continued to carry on the businesses of providing services in the gaming and entertainment sectors, and providing IT consulting services during the current financial year, and the Directors expect that the Group's performance will be maintained.

The following is the text of a report prepared for the purpose of inclusion in this Circular, received from the reporting accountants of Long Success International (Holdings) Limited, CCIF CPA Limited, Certified Public Accountants, Hong Kong.

CCIF
CCIF CPA LIMITED
1/F Sunning Plaza
10 Hysan Avenue
Causeway Bay Hong Kong

31st October, 2006

The directors
Long Success International (Holdings) Limited

Rooms 2007-9
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

Dear Sirs,

We set out below our report on the financial information relating to Right Gateway Limited ("Right Gateway") and its subsidiary (hereinafter collectively referred to as the "Right Gateway Group") for the period from 23rd June, 2006 (date of incorporation) to 31st August, 2006. (the "Relevant Period"), for inclusion in the Circular of Long Success International (Holdings) Limited ("Long Success") dated 31st October, 2006 (the "Circular") in connection with the major transaction of 100% equity interest in Right Gateway.

Right Gateway Group adopts 31st March as its own financial statements reporting date. Right Gateway was incorporated on 23rd June, 2006 in the British Virgin Islands as a limited company and is principally engaged in investment holding.

No audited financial statements of Right Gateway Group for the Relevant Period were prepared as there is no statutory requirement to do so.

For the purpose of this report, the directors of Right Gateway have prepared the financial statements for the Relevant Period (the "HKGAAP accounts") in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). We have carried out independent audit procedures on the HKGAAP accounts for the Relevant Period in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

We have examined the HKGAAP accounts of Right Gateway Group for the Relevant Period (the "Underlying Financial Statements") in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement of Right Gateway Group for the Relevant Period and the Consolidated Balance Sheet of Right Gateway Group and the Balance Sheet of Right Gateway as at 31st August, 2006 together with the Notes thereon (the "Financial Information") set out in this report have been prepared from the Underlying Financial Statements.

The Underlying Financial Statements are the responsibility of the directors of Right Gateway who approved their issue. The directors of Long Success are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an opinion on the Financial Information and to report our opinion to you.

No comparative financial information of Right Gateway Group is presented as Right Gateway was incorporated on 23rd June, 2006.

In our opinion, the Financial Information of Right Gateway Group gives, for the purpose of this report, a true and fair view of the state of affairs of the Right Gateway Group as at 31st August, 2006 and of the consolidated result and consolidated cash flows for the Relevant Period.

A. CONSOLIDATED INCOME STATEMENT

		23/6/2006 to 31/8/2006
	Note	*HK$*
Turnover	5	–
Administrative expenses		(11,700)
Operating loss		(11,700)
Finance costs		–
Loss before taxation	6	(11,700)
Taxation	7	–
Loss for the period		(11,700)
Attributable to:		
– Equityholders of the parent		(11,466)
– Minority interests		(234)
		(11,700)

B. BALANCE SHEET

	Note	Group 31/8/2006 HK$	Company 31/8/2006 HK$
Non-current assets			
Interests in a subsidiary	9	–	546
Current assets			
Deposits paid		1	–
Current liabilities			
Amount due to directors	10	(10,687)	(5,616)
Net current liabilities		(10,686)	(5,616)
NET LIABILITIES		(10,686)	(5,070)
Financed by:			
Share capital	11	780	780
Accumulated loss		(11,466)	(5,850)
Minority Interests		–	–
Shareholders' funds		(10,686)	(5,070)

C. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of parent				
	Share capital	Accumulated loss	Total	Minority interests	Consolidated Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
At 23rd June, 2006 (date of incorporation)	–	–	–	–	–
Issue of shares	780	–	780	–	780
Net loss for the period	–	(11,466)	(11,466)	–	(11,466)
At 31st August, 2006	780	(11,466)	(10,686)	–	(10,686)
Reserves retained by:					
– Right Gateway and its subsidiary					
– At 31st August, 2006	780	(11,466)	(10,686)	–	(10,686)

D. CONSOLIDATED CASH FLOW STATEMENT

	Note	23/6/2006 to 31/8/2006 HK$
Cash flows from operation activities		
Loss before taxation		(11,700)
Operating loss before changes in working capital		
Increase in deposits paid		(1)
Increase in amounts due to directors		10,687
		10,686
Cash used in operations		(1,014)
Net cash outflow from operating activities		(1,014)
Investing activities		
Net cash inflow from acquisition of the subsidiary	i	234
Net cash inflow from investing activities		234
Net cash outflow before financing		(780)
Financing activities		
Issue of shares		780
Net cash inflow from financing activities		780
Net increase/(decrease) in cash and cash equivalents		–
Cash and cash equivalents at the beginning of the period		–
Cash and cash equivalents at the end of the period		–
Analysis of balances of cash and cash equivalents		
Cash and bank balances		–

Note to Cash Flow Statement

i)

	23/6/2006 to 31/8/2006 HK$
Purchase consideration for the subsidiary	(546)
Cash acquired	780
Net cash inflow from acquisition of the subsidiary	234

E. NOTES TO THE FINANCIAL INFORMATION

1. BASIS OF PREPARATION

(a) GENERAL INFORMATION

Right Gateway Limited ("Right Gateway") is a company incorporated in the British Virgin Islands with limited liability on 23rd June, 2006. The address of its registered office is P.O. Box 957, Offshore Incorporations Centre, Road Tower, Tortola, the British Virgin Islands. The principal place of business is Sul de Marina Taipa – Sul Retunda do Dique Deste A1, s/n, Casino Kam Tou, 2 andar, Macau.

Right Gateway is an investment holding company. Its subsidiary has not yet commenced business.

Right Gateway and its subsidiary is collectively described as the "Right Gateway Group".

(b) CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include the accounts of Right Gateway and its subsidiary made up to 31st August, 2006.

All significant intercompany transactions and balances within the group are eliminated on consolidation.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

2. IMPACT OF ISSUED BUT NOT YET EFFECTIVE FINANCIAL REPORTING STANDARDS

Right Gateway Group has not early applied the following new standards, interpretations and amendments that have been issued but are not yet effective. The directors of Right Gateway anticipate that the application of these standards, interpretations or amendments will have no material impact on the financial statements of Right Gateway Group.

HKAS 1 (Amendment)	Capital disclosures[1]
HKAS 7	Financial Instruments: Disclosures[1]

[1] Effective for annual periods beginning on or after 1st January, 2007

3. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with generally accepted accounting principles in Hong Kong and comply with HKFRSs issued by HKICPA.

The financial statements are prepared under the historical cost convention.

A summary of the significant accounting policies adopted by the group is set out below:

(a) IMPAIRMENT OF ASSETS

Internal and external sources of information are reviewed at each balance sheet date to identify indications that property, plant and equipment may be impaired or an impairment loss previously recognised no longer exists or may have decreased.

Assets that have an indefinite useful life are not subject to amortization, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped of the lowest levels for which there are separately identifiable cash flows (cash-generating units).

E. NOTES TO THE FINANCIAL INFORMATION (continued)

3. PRINCIPAL ACCOUNTING POLICIES (continued)

(b) SUBSIDIARIES

A subsidiary is a company in which Right Gateway Group or Right Gateway, directly or indirectly, controls more than half of its voting power or issued share capital or controls the composition of its board of directors. Subsidiaries are considered to be controlled if Right Gateway has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities.

Interests in subsidiaries in the balance sheet are stated at cost less identified impairment loss. The results of subsidiaries are accounted for to the extent of dividends received and receivable.

(c) INCOME TAX

Right Gateway and its subsidiary are incorporated under the BVI Business Companies Act, 2004 (No. 16 of 2004) and exempted from payment of BVI income taxes accordingly.

No Hong Kong profits tax was provided as Right Gateway had no assessable profit arising in or derived from Hong Kong.

(d) CASH EQUIVALENTS

Cash equivalents are short-term, highly liquid investments which are readily convertible into known amounts of cash without notice and which were within three months of maturity when acquired. Cash equivalents include investments and advances denominated in foreign currencies provided that they fulfill the above criteria.

For the purposes of the cash flow statement, cash equivalents would also include bank overdrafts and advances from banks repayable within three months from the date of the advance.

(e) FOREIGN CURRENCIES

These financial statements are presented in Hong Kong dollars, which is Right Gateway's functional and presentation currency. Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the balance sheet date. All differences are taken to profit or loss. Non-monetary items that are measured in the terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(f) PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised for liabilities of uncertain timing or amount when the Right Gateway Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle this obligation. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(g) COMPARATIVES

As this is the first set of financial statements since incorporation, there are no comparative figures.

E. NOTES TO THE FINANCIAL INFORMATION (continued)

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying Right Gateway's accounting policies

There are no significant effects on amounts recognised in the financial statements arising from the judgements used by the management in the process of applying Right Gateway Group's accounting policies, which are described in note 3.

5. TURNOVER

Since Right Gateway Group did not commence business for the period from 23rd June, 2006 (date of incorporation of Right Gateway and its subsidiary) to 31st August, 2006, there is no transaction in income statement.

	23/6/2006 to 31/8/2006
	HK$
Turnover	–

6. LOSS BEFORE TAXATION

Loss before taxation is stated after charging the following:

	23/6/2006 to 31/8/2006
	HK$
Charging	
Incorporation expense	11,700

7. TAXATION

Right Gateway and its subsidiary are incorporated under the BVI Business Companies Act, 2004 (No. 16 of 2004) and exempted from payment of BVI income taxes accordingly.

No Hong Kong profits tax was provided as Right Gateway Group had no assessable profit arising in or derived from Hong Kong.

8. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

The aggregate amounts of emoluments payable to directors and senior management of Right Gateway during the period is HK$Nil.

9. INTERESTS IN A SUBSIDIARY

	31/8/2006
	HK$
Unlisted shares, at cost	546

E. NOTES TO THE FINANCIAL INFORMATION (continued)

9. INTERESTS IN A SUBSIDIARY (continued)

The details of the subsidiary as at 31st August, 2006:

Name	Place of incorporation and operation	Particulars of issued share capital/ registered capital	Effective interest directly attributable to the Group	Principal Activities
Right Idea Investment Limited ("Right Idea")	The British Virgin Islands	100 ordinary shares of US$1 each	70%	Not yet commenced business

10. AMOUNTS DUE TO DIRECTORS

The amounts are unsecured, interest-free and repayable on demand.

11. SHARE CAPITAL

	No. of shares	*HK$*
Authorised:		
Ordinary shares of US$1 each		
At 23rd June, 2006 and 31st August, 2006	50,000	390,000
Issued and fully paid:		
Ordinary shares of US$1 each		
At 23rd June, 2006	–	–
Issue of subscribers' shares	100	780
At 31st August, 2006	100	780

The subscribers' shares were fully paid as initial working capital of Right Gateway.

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Right Gateway Group does not have any financial risk management objectives and policies since Right Gateway Group did not commence business during the period from 23rd June, 2006 (date of incorporation) to 31st August, 2006.

Yours faithfully,
CCIF CPA Limited
Certified Public Accountants
Hong Kong
Kwok Cheuk Yuen

Practising Certificate Number P02412

A. INTRODUCTION TO THE UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

The accompanying unaudited pro forma statement of assets and liabilities of Long Success International (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") and Right Gateway Limited ("Right Gateway") and its subsidiary (collectively referred to as "Right Gateway Group") hereinafter collectively referred to as the "Enlarged Group" has been prepared to demonstrate the effect of the Company's proposed acquisition of 100% equity interests in Right Gateway (the "Acquisition").

The accompanying unaudited pro forma statement of assets and liabilities of the Enlarged Group is prepared to demonstrate the effect of the Acquisition as if the Acquisition had been completed on 31st March, 2006.

The accompanying unaudited pro forma statement of assets and liabilities of the Enlarged Group is prepared based upon the audited consolidated balance sheet of the Group as at 31st March, 2006, and the audited consolidated balance sheet of Right Gateway as at 31st August, 2006 as set out in Appendix II to this accompanying notes. A narrative description of the unaudited pro forma adjustments of the Acquisition that are (i)directly attributable to the Acquisition; (ii) expected to have a continuing impact on the Enlarged Group; and (iii) factually supportable, are summarized in the accompanying notes.

The accompanying unaudited pro forma statement of assets and liabilities of the Enlarged Group is based on the assumption that the Acquisition will be approved in the EGM and currently available information. As a result, the accompanying unaudited pro forma statement of assets and liabilities of the Enlarged Group does not purport to describe the actual financial position of the Enlarged Group that would have been attained had the Acquisition been completed. The accompanying unaudited pro forma statement of assets and liabilities of the Enlarged Group is prepared for illustrative purpose only and, because of its nature, may not give a true picture of the financial position of the Enlarged Group.

B. UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP AT 31ST MARCH, 2006

The unaudited pro forma statement of assets and liabilities of the Enlarged Group has been prepared based on the audited consolidated balance sheet of the Group as at 31st March, 2006 as set out in Appendix I to this Circular, after taking into account of the acquisition of 100% of Right Gateway under the purchase method of accounting, and has been presented as if the transaction had taken place on 31st March, 2006.

	Audited consolidated balance sheet of the Group as at 31st March, 2006	Audited consolidated balance sheet of Right Gateway as at 31st August, 2006 (as detailed in the Appendix II)	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	The Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
			(note 1)	*(note 3)*	*(note 4)*	
Non-current assets						
Fixed assets	410	–				410
Interest in profit sharing agreement	–	–	140,495			140,495
	410	–				140,905
Current assets						
Trade receivables	7,796	–				7,796
Prepayments, deposits and other receivables	1,431	–				1,431
Fixed deposits	1,300	–				1,300
Cash and bank balances	5,585	–				5,585
	16,112	–				16,112
Current liabilities						
Consideration payable for interest in profit sharing agreement	–	–	98,339	(55,000)	(5,258)	38,081
Trade payables	2,425	–				2,425
Accruals and other payables	4,039	11				4,050
Receipts in advance	2,083	–				2,083
Current portion of long-term bank loan	229	–				229
Current potion of obligations under finance leases	108	–				108
Amount due to ultimate holding company	1,313	–				1,313
Provision for taxation	833	–				833
	11,030	11				49,122

B. UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP AT 31ST MARCH, 2006 (continued)

	Audited consolidated balance sheet of the Group as at 31st March, 2006	Audited consolidated balance sheet of Right Gateway as at 31st August, 2006 (as detailed in the Appendix II)	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	The Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
			(note 1)	*(note 3)*	*(note 4)*	
Net current assets/(liabilities)	5,082	(11)				(33,010)
Total assets less current liabilities	5,492	(11)				107,895
Non-current liabilities						
Obligations under finance leases	(54)	–				(54)
NET ASSETS	5,438	(11)				107,841

Notes:

(1) Upon the completion of the Acquisition, the pro forma adjustments are to account for the 100% equity interests in Right Gateway under acquisition accounting. Interest in profit sharing agreement with fair value of HK$140,484,000 (in which the 30% of profit sharing agreement shared by minority shareholders of Right Idea amounted to HK$42,145,000) was valued at the date of the valuation report by RHL Appraisal Limited, a professional valuer, which confirmed that the valuation is on a fair value basis which definition is in accordance with HKFRS. According to the valuation report by RHL Appraisal Limited, a professional valuer, the valuation is the average of outcome from three different approaches, namely Industrial Price Earnings Approach, Comparable Market Transaction Price Earnings Approach and Value of Guaranteed Income Approach. The aggregate consideration for the Acquisition shall be satisfied by and subject to adjustments, referred to at (v) below):

(i) paying cash of HK$30,000,000 (subject to adjustment, referred to at (v) below);

(ii) issuing the Convertible Notes in the aggregate principal amount of HK$145,200,000 (subject to adjustment, referred to at (v) below);

(iii) the allotment and issue of 50,000,000 shares ("Consideration Shares") credited as fully paid. The value of the Consideration Shares, based on the closing price (HK$1.10) of the Shares immediately prior to its suspension from trading on 26th July, 2006, is HK$55,000,000;

(iv) 50,000,000 call options ("Call Options"), of which exercise price is HK$0.99, exercise period is within 24 months from Completion of Right Gateway. Call Options are valued at HK$5,258,000 with reference to a valuation report prepared by RHL Appraisal Limited, a professional valuer.

(v) Adjustment to the Consideration
The total Consideration will be settled by way of a combination of cash, Convertible Notes, Consideration Shares and Call Options. On completion, only the Call Options will be granted and the Consideration Shares will be allotted and issued. As to the balance of the consideration, it will be paid/released on the twelfth Business Day after the relevant Quarter Period subject to the following:

Quarter Period Profit	Adjustment to be made to the Convertible Note	Adjustment to be made to the cash portion of the Consideration
If a relevant Quarter Period Profit is less than HK$11,250,000	For every HK$1 shortfall in a relevant Quarter Period Profit, the face value of the Convertible Note to be released for the Quarter Period (i.e. HK$18,150,000) shall be reduced by HK$1.61 and the balance released.	For every HK$1 shortfall in a relevant Quarter Period Profit, the payment of the cash portion of the consideration for that Quarter Period (i.e. HK$3,750,000) shall be reduced by HK$0.333 and the balance paid.
If a relevant Quarter Period Profit is more than HK$11,250,000	For every HK$1 excess in a relevant Quarter Period Profit, the face value of the Convertible Notes to be released for that Quarter Period shall be accelerated by HK$1.61 with the relevant certificate issued.*	For every HK$1 excess in a relevant Quarter Period Profit, the payment of the cash portion of the consideration for that Quarter Period shall be accelerated by HK$0.333.#

(Quarter Period is defined as each three months period with the first quarter commencing on the first calendar month immediately following completion)

* For the avoidance of doubt, at no time shall the adjustment cause of the face value of the Convertible Notes to exceed HK$145,200,000.

\# For the avoidance of doubt, at no time shall the adjustment cause the amount of cash portion of the consideration to be paid to the Vendors to exceed HK$30,000,000.

All adjustments will be made to the Convertible Notes and cash portion at the same time. The HK$1.61: HK$0.333 adjustment ratio was calculated by reference to the face value of the Convertible Notes and cash portion divided by 2 years net profit.

The minimum consideration for the Acquisition, if no profit targets are met, would be the allotment and issue of the Consideration Shares (valued at HK$55,000,000 taking the last closing price of HK$1.10 per Share immediately before the suspension of trading in the Shares on 26th July, 2006) credited as fully paid and the value of the Call Options (referred to above (iv)).

The maximum consideration for the Acquisition would be the allotment and issue of the Consideration Shares (valued at HK$55,000,000 taking the last closing price of HK$1.10 per Share immediately before the suspension of trading in the Shares on 26th July, 2006) credited as fully paid, the value of the Call Options (referred to above (iv), the face value of the Convertible Notes amounting to HK$145,200,000 and cash of HK$30,000,000. Any additional consideration exceeding HK$98,339,000 will be treated as goodwill within 12 months from the date of the Acquisition.

It should be noted that despite that there being a Quarterly Profit Guarantee given by Man Pou Gambling Promotion Company Limited ("Man Pou") to Right Idea, the above mentioned adjustments to the Consideration will be made, where applicable, regardless of such guarantee. Man Pou, a company incorporated in Macau and is principally engaged in the junket representative business, agreed to sell its profits to Right Gateway.

(vi) The minority interests (HK$42,145,000) represent minority shareholders of Right Idea's 30% interest in Profit Sharing Agreement.

(2) Referring to (1), the entire cash payment shall not be paid at date of Completion. The payment will be made for the 8 Quarterly Period and subject to adjustments as stated in note 1(v) above.

(3) Consideration Shares are issued at date of completion. The value of the Consideration Shares, based on the closing price (HK$1.10) of the Shares immediately prior to its suspension from trading on 26th July, 2006, is HK$55,000,000. The nominal value of share is HK$0.10 each and hence the share capital and share premium are increased by HK$5,000,000 and HK$50,000,000 respectively.

(4) Call Options are valued at HK$5,258,000 with reference to a valuation report prepared by RHL Appraisal Limited, a professional valuer, with a corresponding increase in reserves.

(5) The unaudited pro forma statement of assets and liabilities of the Enlarged Group at 31st March, 2006 is prepared under the assumptions that:

(a) None of the Convertible Notes had been issued by the Company;

(b) The Call Options had been fully issued by the Company;

(c) None of the HK$30,000,000 cash consideration had been paid by the Company;

(d) The Consideration Share had been fully issued by the Company;

(e) Based on the valuation report, the fair value of the net assets acquired by the Company is equal to approximately HK$98,339,000 (being the total fair value of HK$140,484,000 @70%) which is equal to the consideration payable for Pro Forma purpose. The HK$38,081,000 consideration payable as per pro forma adjustments is anticipated to be crystallized in the foreseeable future with HK$31,560,000 settled by convertible notes and HK$6,521,000 by cash. Hence, there is no goodwill arisen from the acquisition. Any adjustment to the final consideration will be accounted for in accordance with the note 1(v) of the pro forma statement of assets and liabilities of the Enlarged Group.

Hence, the aggregated consideration, for pro forma purpose, is HK$98,339,000, representing Company's 70% interest in Right Idea.

(6) Method of valuation of Convertible Notes and Call Options

<u>For the Convertible Notes</u>
Basis of Valuation
Convertible notes would be measured at Fair Value which is the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

HKAS32 and HKAS39 deal with the measurement of financial assets and financial liabilities. Equity instruments are instruments that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Therefore, when the initial carrying amount of a compound financial instrument is allocated to its equity and liability components, the equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component.

The maximum amount of the Convertible Notes to be issued amounts to HK$145,200,000. As if on the date of the Valuation Report prepared by a professional valuer, RHL Appraisal Limited, the Convertible Notes would have been separated into equity component of HK$91,339,000 in respect of the conversion right attached to the Convertible Notes and the debt component.

RHL Appraisal Limited has confirmed that the valuation is on a fair value basis which definition is in accordance with HKFRS.

<u>For the Call Options</u>
Basis of Valuation
The valuation was carried out on a fair value basis by a professional valuer RHL Appraisal Limited, and fair value, is defined as "the amount for which an asset could be exchanged, or a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction."

The following option pricing model was employed in deriving the fair values of the Share Options:

<u>The Black-Scholes Option Pricing Model</u>
The option model was developed by Fischer Black, Myron Scholes and Robert Merton in 1970's. The model provides a close-form solution to option value based on such parameters as risk free rate, prevailing price of the underlying stock, exercise price, volatility of the underlying share prices and term to maturity.

RHL Appraisal Limited has confirmed that the valuation is on a fair value basis which definition is in accordance with HKFRS.

(7) The final fair value of the Consideration Shares and Convertible Notes, which may be different to the presentation in notes (1), (3) and (6), to be recorded by the Group and the Enlarged Group on Completion will be determined with reference to the closing market price of the Consideration Shares and the valuation performed by RHL Appraisal Limited, a professional valuer, at the date of Completion and will be sensitive to the market price and the volatility of the market price of the Shares as well as the volatility of the interest rate up to the date of Completion.

C. REPORT ON UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

CCIF
CCIF CPA LIMITED
1/F Sunning Plaza
10 Hysan Avenue
Causeway Bay Hong Kong

31st October, 2006

The directors
Long Success International (Holdings) Limited

Rooms 2007-9
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

Dear Sirs,

We report on the unaudited pro forma statement of assets and liabilities of Long Success International (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") and Right Gateway Limited ("Right Gateway") and its subsidiary (collectively referred to as "Right Gateway Group") hereinafter collectively referred to as the "Enlarged Group" in Section B of Appendix III to the Company's Circular dated 31st October, 2006, which has been prepared by the directors of the Company, for illustrative purposes only, to provide information about the acquisition of the 100% equity interest in Right Gateway (the "Acquisition") as if the Acquisition had taken place on 31st March, 2006. The unaudited pro forma statement of assets and liabilities is based on the audited consolidated balance sheet of the Group as at 31st March, 2006, and the audited balance sheet of Right Gateway as at 31st August, 2006 as set out in the Accountants' Report in Appendix II of the Circular, adjusted only to reflect the effect of transactions set out in the notes to the unaudited pro forma statement of assets and liabilities. The basis of preparation of the unaudited pro forma statement of assets and liabilities is set out in accompanying introduction and notes to the unaudited pro forma statement of assets and liabilities of the Enlarged Group.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND REPORTING ACCOUNTANT

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma statement of assets and liabilities in accordance with rule 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by the paragraph 31(7) of Chapter 7 of the GEM Rules, on the unaudited pro forma statement of assets and liabilities and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma statement of assets and liabilities beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

BASIS OF OPINION

We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the pro forma statement of assets and liabilities and the explanatory notes with the directors of the Company.

Our work did not constitute an audit or a review in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants and accordingly, we do not express any such audit or review assurance on the unaudited pro forma statement of assets and liabilities.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma statement of assets and liabilities has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited pro forma statement of assets and liabilities as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Rules.

The unaudited pro forma statement of assets and liabilities is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group or the Enlarged Group had the Acquisition actually been completed on 31st March, 2006 or at any future date.

OPINION

In our opinion:

(a) the unaudited pro forma statement of assets and liabilities has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma statement of assets and liabilities as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Rules.

Yours faithfully,
CCIF CPA Limited
Certified Public Accountants
Hong Kong
Kwok Cheuk Yuen

Practising Certificate Number P02412

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, include particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to Long Success. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

(a) the information contained in this circular is accurate and complete in all material respects and not misleading;

(b) there are no other matters the omission of which would make any statement in this circular misleading; and

(c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

2. DIRECTORS' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of Long Success in the shares, underlying shares and debentures of Long Success or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to Long Success and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to Long Success and the Stock Exchange, were as follows:

Name of Directors	**Type of Interest**	**Number of ordinary shares in the Company**	**Percentage of shareholdings** *(%)*
Wong Kam Leong ("Mr. Wong")	Corporate interest *(Note 1)*	102,500,000	40.51%
Lai Cho Wai ("Mr. Lai")	Personal interest	22,000,000	8.69%
Lau Chiu Pui ("Mr. Lau")	Discretionary trust *(Note 2)*	14,000,000	5.53%

Note:

1. The 132,500,000 shares in the Company are beneficially owned by and registered in the name of Wide Fine International Limited ("Wide Fine"), a company incorporated in Hong Kong with limited liability and is wholly-owned by Mr. Wong.

2. The 14,000,000 shares in the Company are beneficially owned by and registered in the name of Noble Class Group Limited ("Noble Class"), a company incorporated in the British Virgin Islands. Noble Class is in turn wholly held by Sunrise International (Holdings) Limited ("Sunrise"), a company incorporated in the Cayman Islands. All the issued non-voting redeemable and retractable preferred shares of Sunrise, with the rights to a fixed 5% cumulative dividend and redemption at fixed redemption prices in the aggregate amount of HK$9 million, are held by Mr. Lau and Ms. Chan Pui Fong (Mr. Lau's spouse). The issued ordinary shares of Sunrise are held in the following proportions

Name of shareholders	Class of ordinary shares	Participating proportion
Pro Nes Genesis Anstalt (the "Anstalt") *	Voting, non-participating	–
Mr. Lau	Non-voting, participating	100%
		100%

* *The Anstalt is a corporate entity under Liechtenstein in which Mr. Lau has sole beneficial interest. Mr. Lau are therefore taken to have a beneficial interest in the 14,000,000 ordinary shares owned by Noble Class under Part XV of the SFO.*

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or chief executive of Long Success had any interests or short positions in any shares, underlying shares or debentures of Long Success or any associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to Long Success and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to Long Success and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF LONG SUCCESS

As at the Latest Practicable Date, according to the register kept by Long Success pursuant to section 336 of SFO, and so far as is known to the Directors or chief executive of Long Success, the following persons (other than a Director or chief executive of Long Success) had, or was deemed or taken to have, an interest or short position in the Long Success Shares or underlying Long Success Shares which would fall to be disclosed to Long Success under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital, carrying rights to vote in all circumstances at general meeting of any member of the Group:

Name	Number of shares held	Percentage of shareholdings *(%)*
Wide Fine International Limited	102,500,000	40.51%
Noble Class Group Limited	14,000,000	5.53%*
Sunrise International (Holdings) Limited	14,000,000	5.53%*
Pro Nes Genesis Anstalt (the "Anstalt")	14,000,000	5.53%*

* *Duplication, all shareholdings are beneficially held as stated above.*

4. DIRECTORS' INTERESTS IN ASSETS

None of the Directors has or has had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Enlarged Group or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group since 31st March, 2006, being the date to which the latest published audited accounts of the Group were made up.

5. DIRECTORS' INTERESTS IN CONTRACTS

None of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Enlarged Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Enlarged Group.

6. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given opinion or advise, which is contained in this circular:

Name	Qualifications
CCIF CPA Limited	Certified Public Accountants
RHL Appraisal Limited	Corporate Valuation & Advisory

CCIF CPA Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its respective letters and references to its name in the form and context in which they appear.

RHL Appraisal Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its respective letter and references to its name in the form and context in which they appear.

As at the Latest Practicable Date, each of CCIF CPA Limited and RHL Appraisal Limited:

(a) was not interested, directly or indirectly, in any assets which have been acquired or disposed of by or leased to an member of the Enlarged Group or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group since 31st March, 2006, being the date to which the latest published audited accounts of the Company were made up; and

(b) did not have any shareholding interest in any member of the Enlarged Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group.

7. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

8. SERVICE CONTRACTS

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered into any service agreements with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

9. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors were aware, none of them or the management shareholders of the Company or their respective associates had any interests in a business which competes or may compete with the business of the Group.

10. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the members of the Enlarged Group within the two years immediately preceding the Latest Practicable Date and which are material to the Group:

1. Marketing Agreement dated 14th July, 2005 entered into between Cherry Oasis (Macau) Limited, a wholly owned subsidiary of the Company and Mr. Iong Ho Hong whereby Cherry Oasis (Macau) Limited was appointed exclusive service provider of rolling and settlement service for customers of the Imperator V.I.P. Club at the Galaxy Casino in the Waldo Hotel in Macau.

2. Target Acquisition Agreement dated 27th July, 2006 entered into between the Company, Mr. Sin Tim Iao and Ms. Chen AnFeng (as amended pursuant to a Deed of Variation dated 17th August, 2006) for the acquisition of the entire issued share capital of Right Gateway Limited.

3. The Deed of Variation dated 17th August, 2006.

11. GENERAL

(a) The registered office of Long Success is at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda and the principal place of business of Long Success is at 2007-9, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

(b) The Compliance Officer of Long Success is Mr. Wong Kam Leong. He is an executive director of the Company.

(c) The Company Secretary and Qualified Accountant of Long Success is Mr Fok Wai Man, a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

(d) Long Success established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the audit committee are to review Long Success's annual report and accounts, half-year reports and quarterly reports and to provide advice and comments thereon to the Board. The audit committee is also responsible for reviewing and supervising the financial reporting process and internal control procedures of the Group.

The audit committee comprises three independent non-executive Directors, namely Mr. Ng Kwok Chu, Winfield, Mr. Ng Chau Tung, Robert and Mr. Ieong Meng Wa and further details of whom are as follows:

Mr. Ng Kwok Chu, Winfield

Independent Non-executive Director and member of audit committee of the Company, aged 47, was appointed by the Company on 3rd January, 2006. Mr. Ng was the General Manager of a reputable financial institution. Mr. Ng has over 10 years consumer and commercial finance experiences and has indepth knowledge in cross-border market and financing operation.

Mr. Ng Kwok Chu, Winfield does not have any relationships with any directors, senior management, management shareholders or substantial or controlling shareholders of the Company for the purpose of the GEM Listing Rule. He has no interests in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Ng Kwok Chu, Winfield did not hold any directorship in any listed company in the past three years before the date of this circular.

There is no service contract and no fixed term of appointment between the Company and Mr. Ng Kwok Chu, Winfield. He is entitled to an annual emolument of HK$50,000 as an INED of the Company which is based on that Directors' experience, responsibility, workload and time devoted to the Company and its subsidiaries. Mr. Ng Kwok Chu, Winfield is subject to retirement by rotation and re-election pursuant to the byelaws of the Company.

Mr. Ng Chau Tung, Robert

Independent Non-executive Director and member of audit committee of the Company, aged 50, was appointed by the Company on 3rd January, 2006. Mr. Ng holds a Bachelor of Business Administration from The Chinese University of Hong Kong. He is also the member of the Institute of Financial Accountant (U.K.) and the Registered Financial Planner. Mr. Ng has over 20 years experience in the banking sector. He was also the Chairman of the Hong Kong Equipment Leasing Association, and Independent non-executive Committee Member of the Finance House Association and the Hong Kong Deposit Taking Company Association.

Mr. Ng Chau Tung, Robert does not have any relationships with any directors, senior management, management shareholders or substantial or controlling shareholders of the Company for the purpose of the GEM Listing Rule. He has no interests in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Ng Chau Tung, Robert did not hold any directorship in any listed company in the past three years before the date of this circular.

There is no service contract and no fixed term of appointment between the Company and Mr. Ng Chau Tung, Robert. He is entitled to an annual emolument of HK$50,000 after being appointed as an independent non-executive Director which is based on that Directors' experience, responsibility, workload and time devoted to the Company and its subsidiaries. Mr. Ng Chau Tung, Robert is subject to retirement by rotation and re-election pursuant to the byelaws of the Company.

Mr. Ieong Meng Wa

Independent Non-executive Director and member of audit committee of the Company, aged 46, was appointed by the Company on 7th April, 2006. Mr. Ieong is director of private property trading and development companies. He has vast experience in sales and marketing and property trading and development in Macau and Mainland China.

Mr. Ieong Meng Wa does not have any relationships with any directors, senior management, management shareholders or substantial or controlling shareholders of the Company for the purpose of the GEM Listing Rule. He has no interests in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Ieong Meng Wa did not hold any directorship in any listed company in the past three years before the date of this circular.

There is no service contract and no fixed term of appointment between the Company and Mr. Ieong Meng Wa. He is entitled to an annual emolument of HK$50,000 as an INED of the Company which is based on that Directors' experience, responsibility, workload and time devoted to the Company and its subsidiaries. Mr. Ieong Ming Wa is subject to retirement by rotation and re-election pursuant to the byelaws of the Company.

(e) The authorised share capital of the Company is HK$100,000,000 comprising 1,000,000,000 ordinary shares and the issued and paid up share capital is HK$25,303,000.

(f) Dealing in securities of the Company may be settled through the Central Clearing and Settlement System and that investors should seek the advice of their stockbroker or the professional adviser for detail of such settlement arrangement.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company at 2007-9, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong during normal business hours on any weekday other than public holidays, up to and including 16th November, 2006:

(a) the Memorandum and Bye-Laws of the Company;

(b) the material contracts referred to in the paragraph headed "Material Contracts" to this Appendix;

(c) the annual reports of the Group for the three financial years ended 30th June, 2004, 2005 and 2006;

(d) the accountants' report of Right Gateway, the text of which is set out in Appendix II to this circular;

(e) the letter from CCIF CFA Limited regarding the pro forma financial information of the Enlarged Group as set out in Appendix III of this circular;

(f) the written consents referred to in paragraph 6 of this Appendix;

(g) the Profit Agreement;

(h) the circular of the Company dated 27th July, 2006; and

(i) the legal opinion from the Company's Macau lawyer relation to inter alia the legality of the Acquisition.

LONG SUCCESS INTERNATIONAL (HOLDINGS) LIMITED
百 齡 國 際（控 股）有 限 公 司 *

(Incorporated in Bermuda with limited liability)
(Stock Code: 8017)

NOTICE IS HEREBY GIVEN that the special general meeting (the "Special General Meeting") of the shareholders of Long Success International (Holdings) Limited (the "Company") will be held at the Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong on 16th November, 2006, at 3:00 p.m. to consider and, if thought fit, pass the following resolution as an ordinary resolution:

"**THAT** (i) the sale and purchase agreement dated 27th July, 2006 entered into between the Company, Mr. Sin Tim Iao and Ms. Chen AnFeng (as amended pursuant to a Deed of Variation entered into between the same parties on 17th August, 2006) in relation to the acquisition (the "Acquisition") by the Company of the entire issued share capital of Right Gateway Limited; (ii) the issue of convertible notes in the principal amount of HK$145,200,000 as part consideration of the Acquisition; (iii) the allotment and issue of an aggregate 50,000,000 shares in the Company to Mr. Sin Tim Iao and Ms. Chen AnFeng credited as fully paid as part consideration of the Acquisition; (iv) the grant of an option ("Call Option") to Mr. Sin Tim Iao and Ms. Chen AnFeng to require the Company to allot and issue to them in aggregate 50,000,000 shares at HK$0.99 each; and (v) the allotment and issue of shares in the Company upon exercise of the Call Option be and are hereby approved, ratified and confirmed in all respects and that all transactions contemplated under the Acquisition be and are hereby approved and that any one Director of the Company be and is hereby authorised to do or execute all such acts or such other documents which the director may deem to be necessary, desirable or expedient to carry into effect or to give effect to the Acquisition."

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

Hong Kong, 31st October, 2006

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

Principal place of business
2007-9
China Resources Building
26 Harbour Road
Wanchai, Hong Kong

* *for identification purpose only*

Notes:

1. A member of the Company entitled to attend and vote at the Special General Meeting convened by the above notice is entitled to appoint one or more proxies to attend and, on a poll, vote instead of such member. A proxy need not be a member of the Company.

2. In the case of joint holders of shares in the Company, the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holders, seniority being determined by the order in which names stand in the register of members.

3. In order to be valid, the form of proxy together with a power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the principal place of business of the Company at the 2007-9, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Special General Meeting (or any adjournment thereof).

4. As at the date of this notice, the directors of the Company are the executive Directors are Mr. Wong Kam Leong, Mr. Lau Chiu Pui, Mr. Lai Cho Wai and Mr. Ma Chon; and the independent non-executive Directors are Mr. Ieong Meng Wa, Mr. Ng Kwok Chu, Winfield and Mr. Ng Chau Tung Robert.