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LONG SUCCESS INTERNATIONAL (HOLDINGS) LIMITED

百齡國際 (控股) 有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 8017)

**MAJOR AND CONNECTED TRANSACTION
AND
PROPOSED RIGHTS ISSUE
IN THE PROPORTION OF ONE RIGHTS SHARE FOR
EVERY EXISTING SHARE HELD AT HK\$0.13 PER RIGHTS SHARE WITH
BONUS SHARES TO BE ISSUED
ON THE BASIS OF ONE BONUS SHARE FOR
EVERY FULLY PAID RIGHTS SHARE
AND
PROPOSED AMENDMENT TO THE BYE-LAWS OF THE COMPANY
AND
RESUMPTION OF TRADING IN SHARES**

MAJOR AND CONNECTED TRANSACTION

Background

Pursuant to the sale and purchase agreement dated 27 July 2006 as varied by a deed of variation dated 17 August 2006, the Company has acquired from the Vendors the entire issued capital of Right Gateway at the Initial Consideration. Right Gateway is an investment holding company holding 70% equity interest in Right Idea which has the right to Profit pursuant to the Profit Agreement.

The Initial Consideration was arrived at by reference to the number of gaming tables in 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 HK\$300,000,000 per month and is subject to adjustments by reference to the Quarter Period Profit as set out in the Acquisition Agreement.

The Initial Consideration is to be satisfied in the following manner: (1) as to HK\$55,000,000 by the issue and allotment of 50,000,000 Shares to the Vendors; (2) as to HK\$30,000,000 in cash; and (3) as to HK\$145,200,000 by the issue of Convertible Notes. As part of the Acquisition Agreement, the Company will grant to the Vendors the Call Option.

The Acquisition constituted a major transaction for the Company under Chapter 19 of the GEM Listing Rules and the Shareholders had approved the Acquisition in a general meeting held on 16 November 2006. Completion took place on 28 December 2006 and Right Gateway became a wholly-owned subsidiary of the Company.

The Consideration Shares have been issued and allotted to the Vendors upon Completion and the Call Option has not been granted as at the date hereof. The balance of the Initial Consideration in the sum of HK\$175,200,000 was subject to adjustments and should be paid/released by 8 quarterly installments on the twelve Business Day after the relevant Quarter Period.

The Quarter Period Profit for the first Quarter Period from Completion (i.e. January to March 2007) was HK\$5,760,000, representing approximately 51.2% of the Quarterly Profit Guarantee. In view of the disappointing performance, at the request of the Company, the Vendors and the Company, after arm's length discussion, agreed to reduce the Initial Consideration from HK\$230,200,000 to HK\$89,877,000 to be satisfied by way of (i) allotment and issue of 50,000,000 Shares at HK\$1.1 each (which had been allotted and issued on Completion) and (ii) cash payments by installments.

Major and Connected Transaction

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

The Vendors are substantial shareholders of Right Idea, an indirect subsidiary of the Company, therefore, the Transaction constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules for the reason that the Vendors are connected persons of the Company and the Transaction shall be subject to Independent Shareholders' approval at the SGM voting by way of poll.

PROPOSED RIGHTS ISSUE AND BONUS SHARE ISSUE

The Company proposes to raise approximately HK\$39.4 million before expenses by way of a rights issue of 303,030,000 Rights Shares at a price of HK\$0.13 per Rights Share on the basis of one Rights Share for every existing Share held by the Qualifying Shareholders on the Record Date. In conjunction with the issue of the Rights Shares, the registered holders of fully-paid Rights Shares will be issued one Bonus Share for every Rights Share successfully subscribed by the Qualifying Shareholders.

The net proceeds of approximately HK\$36 million raised from the Rights Issue are expected to be used as to (i) approximately HK\$30 million for payment of the Revised Consideration; and (ii) the balance of approximately HK\$6 million for general working capital purposes.

The Rights Issue is fully underwritten by the Underwriter. The Rights Issue is, inter alia, conditional on (i) approval by the Independent Shareholders; (ii) the Underwriting Agreement not being terminated in accordance with its terms and conditions (see sub-section headed “Termination of the Underwriting Agreement” below); (iii) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Rights Shares and the Bonus Shares; and (iv) the Bonus Share Issue becoming unconditional (save as any condition requiring the Rights Issue to become unconditional).

The Bonus Share Issue is conditional on (i) approval by the Independent Shareholders; and (ii) the Rights Issue becoming unconditional (save as any condition requiring the Bonus Share Issue to become unconditional) and the Underwriting Agreement not being terminated by the Underwriter.

The Rights Issue and the Bonus Share Issue are inter-conditional upon each other.

PROPOSED AMENDMENT TO THE BYE-LAWS OF THE COMPANY

In order to facilitate the Rights Issue by enabling the Company to allot and issue the Bonus Shares, which will only be issued to the registered holders of the fully-paid Rights Shares, the Directors proposed the Amendment of the Bye-laws to allow a distribution to Shareholders on a non-pro-rata basis. Accordingly, a special resolution will be proposed at the SGM for the Independent Shareholders to approve the Amendment of the Bye-laws, the passing of which is one of the conditions of the Bonus Share Issue.

Accordingly, the Rights Issue and Bonus Share Issue may or may not proceed. Investors’ attention is drawn to the section headed “Warning of the risks of dealing in the Shares and the Rights Shares” below.

To qualify for the Rights Issue and the Bonus Share Issue, a Shareholder must be a Qualifying Shareholder on the Record Date. Any transfers of Shares must be lodged for registration by 4:30 p.m. on Tuesday, 17 July 2007, with the Company’s share registrar, Computershare Hong Kong Investor Services Ltd. at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong. The register of members of the Company will be closed from Wednesday, 18 July 2007 to Friday, 20 July 2007 (both days inclusive). No transfer of Shares will be registered during this period.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE RIGHTS SHARES

Existing Shares will be dealt in on an ex-entitlements basis from Monday, 16 July 2007. Dealings in the Rights Shares in their nil-paid form will take place from Wednesday, 25 July 2007 to Wednesday, 1 August 2007 (both days inclusive). If the Underwriter terminates the Underwriting Agreement, or the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed.

Any Shareholders or other persons contemplating selling or purchasing Shares and/or the nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled (which is expected to be Thursday, 9 August 2007) will accordingly bear the risk that the Rights Issue could not become unconditional and may not proceed.

GENERAL

Under the GEM Listing Rules, (i) the Rights Issue and Bonus Share Issue would require the approval by Shareholders with the controlling Shareholder, Wide Fine International Limited and its associates abstain from voting, and (ii) the Transaction would require the approval by Shareholders with the Vendors and their associates abstain from voting.

As the Rights Issue and the Bonus Share Issue are inter-conditional upon each other, the Bonus Share Issue is conditional upon the approval of the Amendment of the Bye-laws and the Transaction is conditional upon the Rights Issue becoming unconditional, therefore, Wide Fine International Limited, the Vendors and their respective associates will abstain from voting in the resolutions regarding the approval of the Rights Issue, the Bonus Share Issue, the Transaction and the Amendment of Bye-laws at the SGM.

An independent board committee comprising the independent non-executive directors of the Company will be formed to offer its recommendation to the Independent Shareholders, and an independent financial advisor will be appointed to advise the independent board committee on the Rights Issue, the Bonus Share Issue and the Transaction respectively. A circular containing, amongst other things, details of the Rights Issue, the Bonus Share Issue, the Transaction and the Amendment of the Bye-laws, the recommendation of the independent financial adviser, the recommendation of the independent board committee of the Directors and the notice convening the SGM will be despatched to Shareholders as soon as practicable.

RESUMPTION OF TRADING

Trading in Shares was suspended at the request of the Company with effect from 9:30 a.m. on 22 May 2007 pending release of this announcement. An application has been made by the Company to the Stock Exchange for trading in Shares to resume from 9:30 a.m. on 4 June 2007.

I. MAJOR AND CONNECTED TRANSACTION

1. SUPPLEMENTAL AGREEMENT

Date: 21 May 2007

Parties:

The Company, Mr. Sin Tim Iao, Ms. Chen AnFeng and Man Pou, all being parties to the Acquisition Agreement.

Background

Pursuant to the sale and purchase agreement dated 27 July 2006 as varied by a deed of variation dated 17 August 2006, the Company agreed to acquire from the Vendors the entire issued capital of Right Gateway at the Initial Consideration. Right Gateway is an investment holding company holding 70% equity interest in Right Idea which has the right to Profit pursuant to the Profit Agreement.

The Initial Consideration was arrived at by reference to the number of gaming tables in 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 HK\$300,000,000 per month and is subject to adjustments contained in the Acquisition Agreement.

The Initial Consideration was to be satisfied in the following manner: (1) as to HK\$55,000,000 by the issue and allotment of 50,000,000 Shares to the Vendors; (2) as to HK\$30,000,000 in cash; and (3) as to HK\$145,200,000 by the issue of Convertible Notes. As part of the Acquisition Agreement, the Company will grant to the Vendors the Call Option.

The Acquisition constituted a major transaction for the Company under Chapter 19 of the GEM Listing Rules and the Shareholders had approved the Acquisition in a general meeting held on 16 November 2006. Completion took place on 28 December 2006 in accordance with the terms of the Acquisition Agreement and Right Gateway became a wholly-owned subsidiary of the Company.

The Consideration Shares have been issued and allotted to the Vendors upon Completion. As at the date hereof, the Call Option and the Convertible Note have not been granted nor released. The balance of the Initial Consideration in the sum of HK\$175,200,000 was subject to adjustments by reference to the Quarter Period Profit and should be paid/released on the twelve Business Day after the relevant Quarter Period.

Under the Acquisition Agreement, if a relevant Quarter Period Profit is less than HK\$11,250,000, (i) 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 (ii) 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.

As the Quarter Period Profit for 1st Quarter Period was HK\$5,760,000, (i) the face value of the Convertible Note (in the amount of HK\$18,150,000) shall be reduced by HK\$8,838,900 (being HK\$1.61 times (HK\$11,250,000 – HK\$5,760,000)), making the face value equals to HK\$9,311,100 and (ii) the cash portion (in the amount of HK\$3,750,000) shall be reduced by HK\$1,828,170 (being HK\$0.333 times (HK\$11,250,000 – HK\$5,760,000)), making the adjusted cash portion be HK\$1,921,830. Therefore, the payment obligations of the Company under the Initial Consideration for the 1st Quarter Period is HK\$11,232,930.

In view of the disappointing performance, at the request of the Company, the Vendors and the Company, after arm's length discussion, agreed to reduce the Initial Consideration from HK\$230,200,000 to HK\$89,877,000 which is to be satisfied by way of (i) allotment and issue of 50,000,000 Shares at HK\$1.1 each (which had been allotted and issued on Completion) and (ii) cash payments by installments.

The basis of the Company's request is stated in the paragraph headed "Reasons for entering into the Supplemental Agreement".

2. PRINCIPAL MODIFICATIONS MADE TO THE ACQUISITION AGREEMENT

The principal terms of the Supplemental Agreement are summarized below:

- (1) the Initial Consideration is to be reduced to HK\$89,877,000 from HK\$230,200,000, of which HK\$55,000,000 was already satisfied by the allotment and issue of 50,000,000 Shares at HK\$1.1 each to the Vendors on Completion;
- (2) the balance of the Revised Consideration of HK\$34,877,000 is to be paid as follows:
 - (i) as to HK\$30 million in cash within 30 days after the Effective Date;
 - (ii) as to the balance of HK\$4,877,000 in cash on or before the second anniversary of the Effective Date.
- (3) the adjustment mechanism in relation to the Initial Consideration provided in the Acquisition Agreement and the Quarterly Profit Guarantee are to be cancelled;
- (4) the cancellation of the grant of the Call Option; and
- (5) all sums payable by the Company under the Acquisition Agreement for any Quarter Period(s) before the Effective Date shall be waived by the Vendors.

The above changes are all the changes made to the Acquisition Agreement.

The Supplemental Agreement is subject to certain conditions and will take effect when the conditions are fulfilled.

3. CONDITIONS

The Supplemental Agreement is conditional upon the happening of the following events on or before the Long Stop Date:

- (1) the passing at the SGM (or any adjournment thereof) of the necessary ordinary resolutions by the Shareholders (other than those prohibited from voting by the Listing Rules) to approve the Supplemental Agreement and the transactions contemplated hereunder; and
- (2) the Rights Issue becoming unconditional.

If the above conditions are not fulfilled by the Long Stop Date, then the Supplemental Agreement shall become null and void and the Acquisition Agreement shall remain in full force and effect and the consideration for the Acquisition will remain as the Initial Consideration, which is HK\$230,200,000 (subject to adjustments in accordance with the Quarterly Profit Guarantee).

4. BASIS OF THE REVISED CONSIDERATION

The Revised Consideration was arrived at by:

- (1) the application of a discount of 48.8% to the Initial Consideration, reducing it to HK\$117,862,400;
- (2) deducting HK\$55,000,000 from the reduced Initial Consideration as it has been satisfied by the allotment and issue of the Consideration Shares;
- (3) dividing the balance of the reduced Initial Consideration (in the sum of HK\$62,862,400) into a Convertible Note portion of HK\$52,112,930 and a cash portion of HK\$10,749,470 in accordance with the ratio of 82.9:17.1 adopted for the Initial Consideration under the Acquisition Agreement;
- (4) the application of a discount rate of 8% for 10 years on the Convertible Note portion, being HK\$52,112,930 thereby deriving the present value of the Convertible Note portion at HK\$24,128,287; and
- (5) the Revised Consideration, being HK\$89,877,000, is the sum of HK\$55,000,000, HK\$24,128,287 and HK\$10,749,470 (rounded down to the nearest thousand).

The Revised Consideration is not subject to any adjustment.

The Directors have explored with the Vendors the possibility of paying all or part of the consideration payable under the Supplemental Agreement by way of consideration shares or convertible securities to be issued by the Company. However, the Directors were not able to reach agreement with the Vendors on the issue price for the consideration shares or convertible securities.

The Directors considered that:

- (i) by applying a discount rate of 8% (being the current prime rate) for 10 years (being the term of the Convertible Note) on the Convertible Note portion of HK\$52,112,920 thereby deriving its present value is a fair and reasonable compromise, provided that the Company is able to raise the necessary finance through the Rights Issue. Hence the Transaction is made conditional on the Rights Issue; and
- (ii) the remaining balance of the Revised Consideration of HK\$4,877,000 is not subject to any discount as it is repayable within 2 years from the Effective Date.

The Directors also considered that:

- (i) without the Supplemental Agreement, the Company is already subject to a payment obligation of HK\$11,232,930 for the 1st Quarter Period;
- (ii) as the Vendors would waive any prior payment obligations under the Acquisition Agreement if the Supplemental Agreement takes effect and under the current timetable, the earliest time for the Supplemental Agreement to take effect is in or about mid-August 2007, therefore, the payment obligations of the Company for the 2nd Quarter Period would likely to be waived if the Supplemental Agreement takes effect;
- (iii) by entering into the Supplemental Agreement, the Company will relinquish its payment obligations for the 1st Quarter Period and 2nd Quarter Period, which is at least HK\$11,232,930;
- (iv) without the modifications under the Supplemental Agreement, the amount to be paid under the Acquisition Agreement would be HK\$66,232,930 and 7 quarterly payments payable under the Initial Consideration, which could be at the maximum of HK\$153,300,000;
- (v) if the Quarter Period Profit for the remaining 7 Quarter Periods remains as HK\$5,760,000 per Quarter Period as the 1st Quarter Period, the Company is liable to pay another HK\$78,630,510 under the Initial Consideration, with HK\$65,177,700 payable in Convertible Notes and HK\$13,452,810 payable in cash.

Therefore, the Board considers that the Revised Consideration and the method of payment are fair and reasonable and in the interests of the Company and the Shareholders.

5. REASONS FOR ENTERING INTO THE SUPPLEMENTAL AGREEMENT

Under the Acquisition Agreement, the Initial Consideration is to be adjusted downwards if the Quarter Period Profit for the two years commencing 1 January 2007 (“Adjustment Period”) is less than the Quarterly Profit Guarantee. At the time when the terms of the Acquisition Agreement were negotiated, Jun Ying VIP Club had only just commenced operations and hence its track record was limited. The Quarterly Profit Guarantee was the only means acceptable by the parties to the Acquisition Agreement to adjust the actual amount of Initial Consideration payable. If the profit for each Quarter Period during the Adjustment Period is zero or less, the Initial Consideration would be HK\$55,000,000, which had been satisfied by the issue and allotment of the Consideration Shares.

The Initial Consideration, taking into consideration of the Quarter Period Profit for the first quarter of 2007 and assuming no profit is made for the subsequent Quarter Periods for the rest of the Adjustment Period, would be HK\$66,232,930, with an outstanding sum of HK\$11,232,930 to be satisfied by the Company with the issue of a Convertible Note in the face value of HK\$9,311,100 and a cash payment of HK\$1,921,830. Upon the Supplemental Agreement taking effect, the Vendors would waive payment of this outstanding sum and other sums due under any Quarter Period prior thereto.

The Directors believe that the performance of Right Gateway in the 1st quarter of 2007 was adversely affected by two factors which were not anticipated when the Acquisition Agreement was entered into. Firstly, more casinos have commenced business and their marketing and promotional strategies have now become known. Many of these casinos are employing competitive means to compete directly against the operations of Jun Yin VIP Club. In addition, some provinces in China have tightened their visa restrictions for outbound tourists to Macau.

Under the current payment structure of the Acquisition Agreement, the adjustment to the Initial Consideration is only limited to the profitability for 2007 and 2008. There is no adjustment mechanism after the Adjustment Period and any downward fluctuation in profits would not result in any adjustment in the Initial Consideration.

Since the Jun Yin VIP Club has now been operating for over 5 months, the marketing strategies of other casinos have now become known after their official openings and that the junket license of Man Pou has been renewed for another year until 31 December 2007, the Directors intend to devote more resources to undertake marketing and promotion campaigns to attract customers and to provide credit to customers with good track record.

The Directors considered that the Supplemental Agreement allows the Group to substantially lower its risks by paying the Vendors in one lump sum and limit the maximum liability of the Company in the following events:

- (i) if the Company devotes more resources and the profitability, hence the Quarter Period Profit, is improved, then the amount of the Initial Consideration payable would also be increased; and
- (ii) if the performance of Right Gateway improves during the Adjustment Period, the Company may be required to pay the Initial Consideration substantially in full, but if the trend reverses thereafter, the business might not support the payment of the Initial Consideration.

6. REASONS FOR CANCELLATION OF THE QUARTERLY PROFIT GUARANTEE AND CALL OPTION

The Quarterly Profit Guarantee is an adjustment mechanism adopted to adjust the actual amount of Initial Consideration payable under the Acquisition Agreement at the time when track record of Right Gateway was not available.

The Board considers that given the track record of Right Gateway is now available, and the Initial Consideration is to be reduced substantially to the Revised Consideration under the Supplemental Agreement, the adjustment mechanism is no longer necessary, hence, the Quarterly Profit Guarantee is cancelled under the Supplemental Agreement. The Board considers that the cancellation of the Quarterly Profit Guarantee is fair and reasonable.

As the balance of the Revised Consideration is to be paid by cash in instalments, it was agreed that all other payments under the Acquisition Agreement are to be cancelled. The Board considered that the cancellation of the Call Option would not have any detrimental effect on the Company as the right to exercise the Call Option is vested with the Vendors.

7. VIEWS OF THE BOARD

The Board (including independent non-executive directors) considers that the terms of the Transaction including, inter alia, the reduction of Initial Consideration and the payment terms of the Revised Consideration to be fair and reasonable and in the interests of the Shareholders as a whole.

8. MAJOR AND CONNECTED TRANSACTION

As the consideration ratio as referred to in Chapter 19 of the GEM Listing Rules is 25% or more but less than 100%, the Transaction constitutes a major transaction for the Company under Chapter 19 of the GEM Listing Rules.

The Vendors are substantial shareholders of Right Idea, an indirect subsidiary of the Company, therefore, the Transaction constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules for the reason that the Vendors are connected persons of the Company and the Transaction should be subject to Shareholders' approval with the Vendors and their associates abstain from voting at the SGM voting by way of poll.

As the Rights Issue and the Bonus Share Issue are inter-conditional upon each other, the Bonus Share Issue is conditional upon the approval of the Amendment of the Bye-laws and the Transaction is conditional upon the Rights Issue becoming unconditional, therefore, Wide Fine International Limited and its associates are also required to abstain from voting in relation to the resolution regarding the approval of the Transaction at the SGM.

II. RIGHTS ISSUE AND BONUS SHARE ISSUE

1. TERMS

Issue statistics:

Basis of Rights Issue	one Rights Share for every existing Share held on the Record Date
Existing issued share capital	303,030,000 Shares
Number of Rights Shares	303,030,000 Shares
Enlarged issued share capital upon completion of the Rights Issue	606,060,000 Shares
Subscription Price	HK\$0.13 for each Rights Share
No. of Bonus Shares	303,030,000 Shares
Enlarged issued share capital upon completion of Bonus Issue	909,090,000 Shares

As at the date of this announcement, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for Shares.

Qualifying Shareholders:

The Company will send PALs and EAFs to Qualifying Shareholders only. To be qualified for the Rights Issue, a Shareholder must be a Qualifying Shareholder on the Record Date. Shareholders having an address in Hong Kong on the register of members of the Company at the close of business on the Record Date are qualified for the Rights Issue. Shareholders having addresses outside Hong Kong on the register of members of the Company at the close of business on the Record Date are qualified for the Rights Issue only if the Board, after making relevant enquiry, considers that it would not be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any requirement of the relevant regulatory body or stock exchange in that place, not to offer the Rights Shares to such Overseas Shareholders.

The Bonus Shares will only be allotted to the registered holders of the fully-paid Rights Shares, therefore, Bonus Share Issue will not be extended to Excluded Shareholders and only the Qualifying Shareholders will be qualified for the Bonus Share Issue.

The Company will comply with all necessary requirements specified in Rule 17.41 of the GEM Listing Rules and if applicable, the basis of exclusion of the Excluded Shareholders will be disclosed by a further announcement and in the circular and Prospectus Documents.

In order to be registered as a member of the Company on the Record Date, any transfers of Shares must be lodged for registration by 4:30 p.m. on Tuesday, 17 July 2007 with the Company's share registrar, Computershare Hong Kong Investor Services Ltd. at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. The register of members of the Company will be closed from Wednesday, 18 July 2007 to Friday, 20 July 2007 (both days inclusive). No transfer of Shares will be registered during this period.

Subscription Price:

HK\$0.13 per Rights Share, payable in full by a Qualifying Shareholder upon acceptance of the provisional allotment of the Rights Shares under the Rights Issue or application for excess Rights Shares or when a renounce of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 75.47% to the closing price of HK\$0.53 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 73.03% to the average closing price of approximately HK\$0.482 per Share as quoted on the Stock Exchange for the five trading days ended on the Last Trading Day;
- (iii) a discount of approximately 71.86% to the average closing price of approximately HK\$0.462 per Share as quoted on the Stock Exchange for the ten trading days ended on the Last Trading Day;
- (iv) a discount of approximately 40.91% to the theoretical ex-entitlements price (after taking into consideration of the Bonus Share Issue) of approximately HK\$0.22 per Share based on the closing price of HK\$0.53 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (v) a premium of approximately 333.33% to the net asset value per Share of HK\$0.03 based on the unaudited consolidated net asset value of the Group as at 30 September 2006.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to the market price of the Shares under the prevailing market conditions. The Directors consider that the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

For those Qualifying Shareholders participate in the Rights Issue, they would be entitled to 1 Rights Share and 1 Bonus Share for every Share they hold. Based on the total subscription monies under the Rights Issue and taking into account of the aggregate of the Rights Issue and the Bonus Share Issue, the theoretical subscription price of each Rights Share is approximately HK\$0.065 which represents:

- (i) a discount of approximately 87.74% to the closing price of HK\$0.53 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 86.51% to the average closing price of approximately HK\$0.482 per Share as quoted on the Stock Exchange for the five trading days ended on the Last Trading Day;
- (iii) a discount of approximately 85.93% to the average closing price of approximately HK\$0.462 per Share as quoted on the Stock Exchange for the ten trading days ended on the Last Trading Day;
- (iv) a discount of approximately 70.45% to the theoretical ex-entitlements price (after taking into consideration of the Bonus Share Issue) of approximately HK\$0.22 per Share based on the closing price of HK\$0.53 per Share as quoted on the Stock Exchange on the Last Trading Day; and

- (v) a premium of approximately 116.67% to the net asset value per Share of HK\$0.03 based on the unaudited consolidated net asset value of the Group as at 30 September 2006.

Basis of provisional allotment:

One Rights Share in nil-paid form for every existing Share held by a Qualifying Shareholder on the Record Date.

Status of the Rights Shares and the Bonus Shares:

The Rights Shares (when allotted and fully-paid) and the Bonus Shares (when issued and credited as fully paid) will rank pari passu in all respects with the then existing Shares in issue on the date of allotment and issue of fully paid Rights Shares and the Bonus Shares. Holders of such Shares will be entitled to receive all dividends and distributions which are declared, made or paid in respect thereof on or after the date of allotment and issue of such Shares.

Certificates for the Rights Shares and the Bonus Shares and refund

Subject to the fulfillment of the conditions of the Rights Issue and the Underwriter not having terminated the Underwriting Agreement as described in the section headed “Termination of the Underwriting Agreement” below, share certificates for all fully-paid Rights Shares and Bonus Shares are expected to be posted on or before Tuesday, 14 August 2007 to those Qualifying Shareholders who have paid for and have accepted the Rights Shares, at their own risk.

Rights of Overseas Shareholders:

If at the close of business on the Record Date, a Shareholder’s address on the Company’s register of members is in a place outside Hong Kong, that Shareholder may not be eligible to take part in the Rights Issue and the Bonus Share Issue. Documents to be issued in connection with the Rights Issue and the Bonus Share Issue will not be registered under the applicable securities legislation of any jurisdictions other than Hong Kong. The Board will make enquiries as to whether the issue of Rights Shares and the Bonus Share Issue to the Overseas Shareholders may contravene the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange and results of such enquiries will be included in the prospectus of the Company. If, after making such enquiry, the Board is of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any requirement of the relevant regulatory body or stock exchange in that place, not to offer the Rights Shares to such Overseas Shareholders, no provisional allotment of nil-paid Rights Shares or allotment of fully-paid Rights Shares or allotment of Bonus Shares will be made to such Overseas Shareholders. Accordingly, the Rights Issue and the Bonus Share Issue will not be extended to the Excluded Shareholders. The Company will send the prospectus to the Excluded Shareholders for their information only but will not send PALs or EAFs to the Excluded Shareholders.

Arrangements will be made for the Rights Shares which would have otherwise been provisionally allotted to the Excluded Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence on the Stock Exchange and in any event before the last date for acceptance of Rights Shares and payment, if a premium (net of expenses) can be obtained. The proceeds of each sale, less expenses and stamp duty, of HK\$100 or more will be paid to the relevant Excluded Shareholder in Hong Kong dollars. The Company will retain individual amounts of less than HK\$100 for the benefit of the Company.

Application for excess Rights Shares:

Qualifying Shareholders may apply for any unsold entitlements of the Excluded Shareholders and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares.

Application can be made by completing the EAF and lodging the same with remittance for the excess Rights Shares. The Directors will allocate the excess Rights Shares at their discretion and on a fair and equitable basis and will give preference to topping up odd lots to whole board lots. Shareholders with their Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of the Company. Accordingly, Shareholders should note that the aforesaid arrangement in relation to the top-up of odd lots for allocation of excess Rights Shares will not be extended to those qualifying participants of the Central Clearing and Settlement System individually.

Application for listing:

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms and the fully-paid Bonus Shares. No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

Nil-paid Rights Shares are expected to be traded in board lots of 4,000 (same as the current board lot size of the Shares as traded on the Stock Exchange). Dealings in the Rights Shares in their nil-paid and fully-paid forms will be subject to the payment of stamp duty in Hong Kong and any other applicable fees and charges in Hong Kong.

2. UNDERWRITING AGREEMENT

Date:	23 May 2007
Underwriter:	Sun Hung Kai International Limited
Number of Rights Shares underwritten:	115,530,000 Rights Shares
Commission:	4.25% of the aggregate Subscription Price for the Underwritten Shares, which is expected to be approximately HK\$0.64 million

Underwriting:

Sun Hung Kai International Limited will act as the underwriter of the Rights Issue to subscribe, or procure subscribers for, the Underwritten Shares, being the total number of Rights Shares less those Rights Shares to be subscribed under the Undertakings. In the event that all the Rights Shares underwritten by the Underwriter are taken up by it, the Underwriter will become interested in 231,060,000 Shares, representing approximately 25.42% of the Shares in issue upon completion of the Rights Issue and the Bonus Share Issue.

To the best of the Directors' knowledge and information and having made all reasonable enquiries, the Underwriter and its holding company, Sun Hung Kai Co., Limited, a company listed on the Stock Exchange, are Independent Third Parties.

The Underwriter has confirmed that it would not sub-underwrite any of the Underwritten Shares to parties connected with the Company and its connected persons (as defined in the GEM Listing Rules.)

Commission

The Company will pay to the Underwriter an underwriting commission calculated at 4.25% of the aggregate Subscription Price for the Underwritten Shares, which is expected to be HK\$0.64 million. The commission payable to the Underwriter was determined after arm's length negotiations between the Company and the Underwriter. The Directors consider that such amount may be higher than commission rate payable for underwriting of other rights issues transactions. However, the Directors believe that the nature of gaming business has many inherent risks and it is fair and reasonable for the Underwriter to seek a higher return to cover its risks.

Undertakings from Shareholders:

As at the date of this announcement, Wide Fine International Limited is interested in 102,500,000 Shares representing approximately 33.83% of the existing issued share capital of the Company. Wide Fine International Limited is beneficially and wholly owned by Mr. Wong Kam Leong, an executive Director. Ms. Chen AnFeng and Mr. Sin Tim Iao, both connected persons to the Company, Mr. Lai Pak Leng, an Independent Third Party, and Mr. Lai Cho Wai, an executive Director of the Company, are interested in 25,000,000, 15,000,000, 23,000,000 and 22,000,000 Shares respectively representing approximately 8.25%, 4.95%, 7.59% and 7.26% of the existing issued share capital of the Company respectively.

Pursuant to the Undertakings, Mr. Wong Kam Leong, Ms. Chen AnFeng, Mr. Sin Tim Iao, Mr. Lai Pak Leng and Mr. Lai Cho Wai have undertaken to take up an aggregate of 187,500,000 Rights Shares which will be provisionally allotted to them under the Rights Issue. The shareholding structure of the Company is set out in the paragraph headed "Shareholding structure" below.

Termination of the Underwriting Agreement:

If any time prior to the Latest Time for Termination, which is 6:00 p.m. on the Settlement Date:

- (a) in the reasonable opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
 - i. the introduction of any new law or regulation or any change in existing laws or regulation (or the judicial interpretation thereof) or any other similar event which in the absolute opinion of Underwriter has or is likely to have a material adverse effect on the business or financial condition or trading position or prospects of any member of the Group as a whole; or
 - ii. any change (whether or not permanent) in local, national or international economic, financial, political or military conditions or any event beyond the control of the parties hereto (including, without limitation, acts of government, strikes, explosion, flooding, civil commotion, acts of God or accident) which in the reasonable opinion of the Underwriter is or may be materially adverse in the context of the Rights Issue or makes it inadvisable or inexpedient to proceed therewith; or
 - iii. any change (whether or not permanent) in local, national or international stock market conditions (including any moratorium, suspension of or material restriction on trading in securities generally) which in the reasonable opinion of the Underwriter would materially and adversely affect the Rights Issue or makes it inadvisable or inexpedient to proceed therewith; or
 - iv. any change, or any development involving a prospective change, in taxation in Hong Kong, Bermuda or any other jurisdiction to which any member of the Group is subject or the implementation of any exchange controls which in the reasonable opinion of the Underwriter would or might materially and adversely affect any member of the Group or its present or prospective shareholders in their capacity as such; or
 - v. any change to the system pursuant to which the value of the currency of Hong Kong is linked to the currency of the United States of America and which would or may materially and adversely affect the Rights Issue; or
- (b) there comes to the notice of the Underwriter any matter or event showing any of the representations or warranties given by the Company under the Underwriting Agreement to be untrue or inaccurate in any material respect which in the reasonable opinion of the Underwriter is adverse in the context of the Rights Issue;
- (c) the Company and/or any of the Undertaking Shareholders is in breach of any of its or his or their respective obligations under the Underwriting Agreement or the Undertakings (as the case may be) which in the reasonable opinion of the Underwriter is material and adverse in the context of the Rights Issue;

the Underwriter shall be entitled to terminate the Underwriting Agreement.

If the Underwriter terminates the Underwriting Agreement, the Rights Issue and hence, the Bonus Share Issue and the Transaction will not proceed.

3. CONDITIONS

The Rights Issue is conditional upon, among other things,

- (i) the approval of the Rights Issue and the Bonus Share Issue by the Shareholders (other than those prohibited from voting by the Listing Rules) at the SGM in accordance with the GEM Listing Rules;
- (ii) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Rights Shares in their nil-paid and fully-paid forms;
- (iii) the filing and registration of all relevant documents with the Registrars of Companies in Hong Kong and Bermuda;
- (iv) the posting of the Prospectus Documents to the Qualifying Shareholders on or before the Prospectus Posting Date;
- (v) the Undertaking Shareholders taking up and paying for the Rights Shares pursuant to the undertakings they have given; and
- (vi) the Bonus Share Issue becomes unconditional (save for any condition requiring the Rights Issue to become unconditional).

If any of the above conditions are not fulfilled by on or before the Latest Time for Termination (or such later date and time as the Underwriter and the Company may agree in writing), or the Underwriting Agreement has been terminated in accordance with the terms thereof, the Rights Issue will not proceed.

The Bonus Share Issue is conditional on, amongst other things,

- (i) the approval of the Rights Issue and the Bonus Share Issue by the Shareholders (other than those prohibited from voting by the Listing Rules) at the SGM in accordance with the GEM Listing Rules;
- (ii) the Rights Issue becoming unconditional (save as any condition requiring the Bonus Share Issue to become unconditional) and the Underwriting Agreement not being terminated by the Underwriter; and
- (iii) the Amendment of the Bye-laws becoming effective.

The Rights Issue and the Bonus Share Issue are inter-conditional to each other.

4. WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE RIGHTS SHARES

Existing Shares will be dealt in on an ex-entitlements basis from Monday, 16 July 2007. Dealings in the Rights Shares in their nil-paid form will take place from Wednesday, 25 July 2007 to Wednesday, 1 August 2007 (both days inclusive). If the Underwriter terminates the Underwriting Agreement, or the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed.

Any Shareholders or other persons contemplating selling or purchasing Shares and/or Rights Shares in their nil-paid forms from Wednesday, 25 July 2007 to Wednesday, 1 August 2007 who is in any doubt about his/her position is recommended to consult his/her professional adviser.

Any Shareholders or other persons contemplating selling or purchasing Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled (which is expected to be Thursday, 9 August 2007) will accordingly bear the risk that the Rights Issue could not become unconditional and may not proceed.

5. EXPECTED TIMETABLE:

The expected timetable for the Rights Issue and Bonus Share Issue set out below is for indicative purposes only and it has been prepared on the assumption that all the conditions of the Rights Issue and Bonus Share Issue will be fulfilled. The expected timetable is subject to change, and any changes will be announced in a separate announcement by the Company as and when appropriate.

2007

Despatch of circular in relation to the SGM to Shareholders	Monday, 25 June
Last day of dealings in the Shares on a cum-entitlements basis	Friday, 13 July
Commencement of dealings in the Shares on an ex-entitlements basis	Monday, 16 July
Latest time for lodging transfers of Shares to be entitled for the Rights Issue	4:30 pm on Tuesday, 17 July
Book close period to determine the entitlements under the Rights Issue	Friday, 20 July (both dates inclusive)
Record Date for the Rights Issue and Bonus Share Issue	Friday, 20 July
SGM	Friday, 20 July
Prospectus Documents to be posted	Monday, 23 July
First day of dealings in nil-paid Rights Shares	Wednesday, 25 July
Last Day for splitting nil-paid Rights Shares	4:30 pm on Friday, 27 July
Last day of dealings in nil-paid Rights Shares	Wednesday, 1 August
Latest time for acceptance of Rights Shares and Payment	4:00 pm on Monday, 6 August
Underwriting Agreement becomes unconditional	6:00 pm on Thursday, 9 August
Announcement of the results of the Rights Issue to be published	Monday, 13 August
Refund cheques for wholly and partially unsuccessful excess applications to be posted	Tuesday, 14 August
Share certificates for Rights Shares and Bonus Shares to be posted on or before	Tuesday, 14 August
First day of dealings in the Rights Shares and Bonus Shares	Thursday, 16 August

6. SHAREHOLDING STRUCTURE

	As at the date of this announcement		Immediately upon completion of the Rights Issue and Bonus Share Issue assuming all Qualifying Shareholders fully take up their respective entitlement		Immediately upon completion of the Rights Issue and Bonus Share Issue assuming all Qualifying Shareholders (except Wide Fine International Limited, Chen Anfeng, Sin Tim Iao, Lai Pak Leng and Lai Cho Wai) do not take up their respective entitlement	
	Shares	%	Shares	%	Shares	%
Undertaking Shareholders:						
Wide Fine International Limited (Note 1)	102,500,000	33.83	307,500,000	33.83	307,500,000	33.83
Chen Anfeng (Note 2)	25,000,000	8.25	75,000,000	8.25	75,000,000	8.25
Sin Tim Iao (Note 2)	15,000,000	4.95	45,000,000	4.95	45,000,000	4.95
Lai Cho Wai (Note 3)	22,000,000	7.26	66,000,000	7.26	66,000,000	7.26
Lai Pak Leng (Note 4)	23,000,000	7.59	69,000,000	7.59	69,000,000	7.59
Other Shareholders:						
The Underwriter (Note 5)	-	-	-	-	231,060,000	25.41
Other public shareholders	115,530,000	38.12	346,590,000	38.12	115,530,000	12.71
Total	303,030,000	100.00	909,090,000	100.00	909,090,000	100.00
Public Float (Note 6)	138,530,000	45.71	415,590,000	45.71	184,530,000	20.30

Notes:

- Wide Fine International Limited is wholly owned by Mr. Wong Kam Leong, an executive Director of the Company, the controlling shareholder of the Company.
- the Vendors, connected persons to the Company.
- an executive Director of the Company.
- a niece of a Director, therefore, for the purpose of calculation of public float, an Independent Third Party.
- to the best of the Directors' knowledge and information and having made all reasonable enquiries, the Underwriter and its holding company, Sun Hung Kai Co., Limited, a company listed on the Stock Exchange, are not connected persons (as defined in the Listing Rules) of the Company and are Independent Third Parties.

6. the minimum prescribed percentage of securities to be in public hands for the Company is 20%. The public float is calculated by the aggregate of the shareholding of Mr. Lai Pak Leng and the other public Shareholders. The shareholding to be held by the Underwriter is not included in the calculation of the public float because it might become a substantial shareholder if it does not sub-underwrite any of the Underwritten Shares.

7. PUBLIC FLOAT

As shown under the section headed “Shareholding Structure” above, immediately upon completion of the Rights Issue and Bonus Share Issue assuming none of the Qualifying Shareholders (save for Wide Fine International Limited, Chen Anfeng, Sin Tim Iao, Lai Pak Leng and Lai Cho Wai) takes up any Rights Share and all the Rights Shares are taken up by the Underwriter pursuant to the Underwriting Agreement, there will be a sufficient public float of approximately 20.3%.

However, the Stock Exchange has stated that if, upon completion of the Rights Issue and the Bonus Share Issue, less than 20% of the Shares are held by the public or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading in the Shares; or**
- (ii) there are too few Shares in public hands to maintain an orderly market;**

then it will consider exercising its discretion to suspend trading in the Shares until a sufficient public float is attained.

8. REASONS FOR THE RIGHTS ISSUE, BONUS SHARE ISSUE AND USE OF PROCEEDS

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

Given the recent improved equity market conditions, the Board considers that it is in the interest of the Company to raise equity capital to (i) strengthen the Group’s financial position; and (ii) enlarge its capital base, on the terms set out herein which the Board considers fair and reasonable to the Shareholders. Though the Directors are of the view that sufficient funds are available to the Group, the proceeds from Rights Issue will enable the Group to pay the Revised Consideration and further strengthen the Group’s financial position.

In order to recognize the contribution from the Shareholders who subscribe for the Rights Shares and as an incentive to encourage the Shareholders to participate in the Rights Issue, the Bonus Shares will be issued to the registered holders of the fully-paid Rights Shares on the basis of one Bonus Share for every Rights Share issued under the Rights Issue.

The net proceeds of approximately HK\$36 million raised from the Rights Issue (after deducting expenses including underwriting commission, professional fees, printing charges and sundry expenses) are expected to be used as to (i) approximately HK\$30 million for payment of the Revised Consideration; and (ii) the balance of approximately HK\$6 million for general working capital purposes.

9. FUND-RAISING ACTIVITIES BY THE COMPANY DURING THE PAST 12 MONTHS IMMEDIATELY PRECEDING THE DATE OF THIS ANNOUNCEMENT

No fund raising activities have been carried out by the Company during the past 12 months immediately preceding the date of this announcement.

III. PROPOSED AMENDMENT TO THE BYE-LAWS OF THE COMPANY

In order to facilitate the Rights Issue by enabling the Company to allot and issue the Bonus Shares, which will only be issued to the registered holders of the fully-paid Rights Shares, the Directors proposed the Amendment of the Bye-laws to allow a distribution to Shareholders on a non-pro-rata basis. Accordingly, a special resolution will be proposed at the SGM to approve the Amendment of the Bye-laws, the passing of which is one of the conditions of the Bonus Share Issue.

GENERAL

The Rights Issue and Bonus Share Issue would require the approval by Shareholders with the controlling Shareholder, Wide Fine International Limited and its associates abstain from voting pursuant to Rule 10.29 of the GEM Listing Rules, and (ii) the Transaction would require the approval by Shareholders with the Vendors and their associates abstain from voting pursuant to Rule 20.18 of the GEM Listing Rules.

As the Rights Issue and the Bonus Share Issue are inter-conditional upon each other, the Bonus Share Issue is conditional upon the approval of the Amendment of the Bye-laws and the Transaction is conditional upon the Rights Issue becoming unconditional, therefore, Wide Fine International Limited, the Vendors and their respective associates will abstain from voting in the resolutions regarding the approval of the Rights Issue, the Bonus Share Issue, the Transaction and the Amendment of the Bye-laws at the SGM.

An independent board committee comprising the independent non-executive directors of the Company will be formed to offer its recommendation to the Independent Shareholders, and an independent financial advisor will be appointed to advise the independent board committee on the Rights Issue, the Bonus Share Issue and the Transaction. A circular containing, among other things, details of the Rights Issue, Bonus Share Issue, the Transaction and the Amendment of the Bye-laws, the recommendation of the independent financial adviser, the recommendation of the independent board committee of the Directors and the notice convening the SGM will be despatched to Shareholders as soon as practicable and pursuant to the GEM Listing Rules.

Trading in Shares was suspended at the request of the Company with effect from 9:30 a.m. on 22 May 2007 pending release of this announcement. An application has been made by the Company to the Stock Exchange for trading in Shares to resume from 9:30 a.m. on 4 June 2007.

DEFINITIONS

“%”	per cent.
“Acquisition”	the acquisition of the entire issued capital in Right Gateway under the Acquisition Agreement
“Acquisition Agreement”	the sale and purchase agreement dated 27 July 2006 entered into by the Company as purchaser, the Vendors and Man Pou in relation to the sale and purchase of the entire issued capital in Right Gateway as varied by a deed of variation dated 17 August 2006 entered into by the same parties
“Amendment of the Bye-laws”	the proposed amendment to bye-law 140 of the Bye-laws to allow distribution to Shareholders on a non-pro-rata basis
“associates”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	board of Directors
“Bonus Share Issue”	the proposed issue of Bonus Shares on the basis of one new Share (credited as fully paid) for every fully paid Rights Share issued under the Rights Issue
“Bonus Shares”	303,030,000 new Shares to be allotted and issued by the Company pursuant to the Bonus Share Issue
“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
“Bye-laws”	bye-laws of the Company
“Call Option”	the option granted by the Company to the Vendors whereby the Vendors 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
“Company”	Long Success International (Holdings) Limited (Stock Code: 8017), a company incorporated in Bermuda with limited liability and the shares of which are listed in the Growth Enterprise Market in Hong Kong
“Completion”	completion of the Acquisition Agreement
“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 the Vendors
“Directors”	directors of the Company
“EAF”	excess application form for additional Rights Shares proposed to be issued to the Qualifying Shareholders
“Effective Date”	the date on which the Supplemental Agreement shall become unconditional and take effect
“Excluded Shareholders”	those Overseas Shareholders whom the Directors, after making relevant enquiry, consider their exclusion from the Rights Issue to be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market
“Group”	the Company and its subsidiaries
“Independent Third Party”	parties independent of the Company and its connected persons under the GEM Listing Rules
“Independent Shareholders”	Shareholders save for Wide Fine International Limited, the Vendors and their respective associates
“Initial Consideration”	HK\$230,200,000
“Jun Ying VIP Club”	one of the VIP gaming rooms in the Grand Waldo Casino at the Grand Waldo Hotel in Macau and currently has 6 gaming tables
“Last Trading Day”	21 May 2007, the last day on which the Shares were traded on the Stock Exchange prior to the release of this announcement
“Latest Time for Termination”	6:00 p.m. on Thursday, 9 August 2007 or other time to be agreed between the Company and Underwriter, being the Settlement Date
“Long Stop Date”	31 December 2007
“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

“Overseas Shareholders”	Shareholders whose addresses on the register of members of the Company are outside Hong Kong on the Record Date
“PAL”	the renounceable provisional allotment letters representing the Rights Shares proposed to be issued to the Qualifying Shareholders
“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 27 July 2006 entered into among Right Idea as a purchaser, Man Pou as a vendor and the Vendors as guarantors relating to the sale and purchase of 100% interest in the Profit
“Prospectus Documents”	prospectus relating to the Rights Issue, PAL and EAF
“Prospectus Posting Date”	Monday, 23 July 2007 or such later date as the Underwriter may agree with the Company
“Qualifying Shareholders”	Shareholders on the register of members of the Company on the Record Date other than the Excluded Shareholders
“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 and the Vendors that the Profit for each Quarter Period shall not be less than HK\$11,250,000
“Record Date”	Friday, 20 July 2007, being the date by reference to which entitlements under the Rights Issue and Bonus Share Issue will be determined
“Registrar”	Computershare Hong Kong Investor Services Limited, the Company’s share registrar in Hong Kong
“Revised Consideration”	HK\$89,877,000
“Right Gateway”	Right Gateway Limited, a company incorporated in the British Virgin Islands, a wholly-owned subsidiary of the Company

“Right Idea”	Right Idea Investments Limited, a company incorporated in the British Virgin Islands, a subsidiary of Right Gateway
“Rights Issue”	the proposed issue of the Rights Shares to Qualifying Shareholders on the terms set out in this announcement
“Rights Share(s)”	the new Share(s) proposed to be issued to Qualifying Shareholders pursuant to the Rights Issue
“Settlement Date”	the day falling on the third Business Day after the last business day on which payment and acceptance of the Rights Shares can be made under the Rights Issue
“SGM”	the special general meeting of the Company to be convened for the purpose of considering, and if thought fit, passing the relevant resolutions to approve the Rights Issue, the Bonus Share Issue, the Transaction and the Amendment of the By-laws
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of the Company of HK\$0.10 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.13 per Rights Share pursuant to the Rights Issue
“Supplemental Agreement”	the supplemental agreement dated 21 May 2007 made by the Company, the Vendors and Man Pou in relation to the Acquisition Agreement
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers and Share Repurchases
“Transaction”	the transactions contemplated under the Supplemental Agreement
“Undertaking Shareholders”	those Shareholders, being Wide Fine International Limited, the Vendors, Mr. Lai Pak Leng and Mr. Lai Cho Wai, who have entered into the Undertakings
“Undertakings”	the undertakings made by the Undertaking Shareholders in favour of the Company to accept or procure the acceptance of the full entitlement of 187,500,000 Rights Shares by them under the Rights Issue

“Underwriter”	Sun Hung Kai International Limited, a company incorporated with limited liability in Hong Kong and the sole underwriter of the Rights Issue
“Underwriting Agreement”	the underwriting agreement dated 23 May 2007 entered into between the Company and the Underwriter in relation to the Rights Issue
“Underwritten Shares”	115,530,000 Rights Shares, being the total number of Rights Shares to be issued pursuant to the Rights Issue less those Rights Shares to be subscribed by the Undertaking Shareholders under the Undertakings
“Vendors”	Mr. Sin Tim Iao and Ms. Chen Anfeng

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

Hong Kong, 4 June 2007

As at the date hereof, the executive Directors are Mr. Wong Kam Leong, Mr. Lai Cho Wai and Mr. Ma Chon; and the independent non-executive Directors are Mr. Jeong Ming Wa, Mr. Ng Kwok Chu, Winfield and Mr. Ng Chau Tung, Robert.

This announcement will appear and remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting.

* *For identification purposes only*