THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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.

This circular is addressed to the shareholders of the Company for information in connection with the special general meeting of the Company to be held on Friday, 3 August 2007. **This circular is not and does not constitute an offer of, nor is it intended to invite offers for, securities of the Company.**

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 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

Independent financial adviser to the Independent Board Committee and Independent Shareholders

VINCO 域高

Grand Vinco Capital Limited

Existing Shares will be dealt in on an ex-entitlements basis from Monday, 30 July 2007. Dealings in the Rights Shares in their nil-paid form will take place from Wednesday, 8 August 2007 to Wednesday, 15 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 and the Bonus Share 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, 23 August 2007) will accordingly bear the risk that the Rights Issue could not become unconditional and may not proceed.

A notice convening a special general meeting of Long Success International (Holdings) Limited to be held at Pacific Place Conference Centre, 5/F. One Pacific Place, 88 Queensway, Hong Kong at 3:00 p.m. on Friday, 3 August 2007 is set out on pages 143 to 146 of this circular. Whether or not you are able to attend the meeting in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit it to the branch share registrar, Computershare Hong Kong Investors Services Limited as soon as possible and in any event not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

A letter of advice from Grand Vinco Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 33 to 54 of this circular. The letter of the Independent Board Committee is set out on pages 31 to 32 of this Circular.

It should be noted that the Underwriting Agreement contains provisions entitling the Underwriter, to terminate the Underwriting Agreement if at any time prior to 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 will not proceed.**

* *For identification purpose only*

28 June 2007

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 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 at www.hkgem.com in order to obtain up-to-date information on GEM-listed issuers.

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

"%"	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(A) of the Bye-laws to allow distribution to Shareholders on a non-pro-rata basis
"Announcement"	the announcement of the Company dated 4 June 2007 in relation to the Transaction, Rights Issue, Bonus Share Issue and Amendment of the Bye-laws
"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
"CCASS"	The Central Clearing and Settlement System established and operated by HKSCC
"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), an exempted 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 under the Acquisition Agreement
"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
"GC"	GC Alliance Limited, Certified Public Accountants
"GEM Listing Committee"	the listing sub-committee of the board of the Stock Exchange with responsibility for GEM
"GEM Listing Rules"	the Rules Governing the Listing of Securities on the Growth Enterprise Market
"Group"	the Company and its subsidiaries
"HKSCC"	The Hong Kong Securities Clearing Company Limited
"Independent Board Committee"	an independent board committee comprising the three independent non-executive Directors, namely Mr. Ieong Meng Wa, Mr. Ng Kwok Chu, Winfield and Mr. Ng Chau Tung, Robert
"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 Grand Waldo Casino at Grand Waldo Hotel in Macau and currently has 6 gaming tables
"Latest Practicable Date"	27 June 2007, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
"Latest Time for Termination"	6:00 p.m. on Thursday, 23 August 2007 or other time to be agreed between the Company and Underwriter
"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
"Mr. Sin"	Mr. Sin Tim Iao, one of the Vendors
"Ms. Chen"	Ms. Chen Anfeng, one of the Vendors
"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 purchaser, Man Pou as 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, 6 August 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-month 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, 3 August 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 Gateway Group"	Right Gateway and its subsidiary
"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 circular
"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 (i) the Transaction; (ii) the Rights Issue and the Bonus Share Issue; and (iii) the Amendment of the Bye-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
"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
"Vinco"	Grand Vinco Capital Limited, a licensed corporation to carry on business in types 1 and 6 regulated activities (dealing in securities and advising on corporate finance) under the Securities and Futures Ordinance and the independent financial adviser to the Independent Board Committee in relation to the Transaction, the Rights Issue and the Bonus Issue.
"Vendors"	Mr. Sin Tim Iao and Ms. Chen Anfeng

EXPECTED TIMETABLE

The expected timetable for the Rights Issue and Bonus Share Issue is set out below:

	2007
Despatch of circular in relation to the SGM to Shareholders	Thursday, 28 June
Last day of dealings in the Shares on a cum-entitlements basis	Friday, 27 July
Commencement of dealings in the Shares on an ex-entitlements basis	Monday, 30 July
Latest time for lodging transfers of Shares to be entitled for the Rights Issue	4:30 pm on Tuesday, 31 July
Book close period to determine the entitlements under the Rights Issue	Wednesday, 1 August to Friday, 3 August (both dates inclusive)
Record Date for the Rights Issue and Bonus Share Issue	Friday, 3 August
SGM	Friday, 3 August
Prospectus Documents to be posted	Monday, 6 August
First day of dealings in nil-paid Rights Shares	Wednesday, 8 August
Last Day for splitting nil-paid Rights Shares	4:30 pm on Friday, 10 August
Last day of dealings in nil-paid Rights Shares	Wednesday, 15 August
Latest time for acceptance of Rights Shares and Payment	4:00 pm on Monday, 20 August
Underwriting Agreement becomes unconditional	6:00 pm on Thursday, 23 August
Announcement of the results of the Rights Issue to be published	Monday, 27 August
Refund cheques for wholly and partially unsuccessful excess applications to be posted	Tuesday, 28 August
Share certificates for Rights Shares and Bonus Shares to be posted on or before	Tuesday, 28 August
First day of dealings in the Rights Shares and Bonus Shares	Thursday, 30 August

Note: *all times refer to Hong Kong local times in this circular.*

The expected timetable for the Rights Issue and Bonus Share Issue 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.

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; or

(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.

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

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

Registered Office:
Canon Court
22 Victoria Street
Hamilton HK12
Bermuda

Head Office and principal Place of Business:
1309, West Tower,
Shun Tak Centre,
168-200 Connaught Road Central,
Hong Kong

28 June 2007

To the Shareholders

Dear Sir or Madam,

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

I. INTRODUCTION

The Board announced on 4 June 2007 that (1) the Company entered into the Supplemental Agreement on 21 May 2007 with the Vendors and Man Pou in relation to the Acquisition Agreement; (2) 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

* *For identification purpose only*

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; and (3) in order to facilitate the Rights Issue and the Bonus Share Issue, the Company propose to amend the Bye-laws of the Company to allow distribution to Shareholders on a non-pro-rata basis.

The Transaction constitutes a major transaction of 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 also constitutes a connected transaction of 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 by way of poll.

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 (i) the Transaction; (ii) the Rights Issue and the Bonus Share Issue; and (iii) the Amendment of the Bye-laws at the SGM.

The Independent Board Committee has been established to consider (i) the Transaction; (ii) the Rights Issue and the Bonus Share Issue; and (iii) the Amendment of the Bye-laws . It comprises the three independent non-executive Directors, namely Mr. Ieong Meng Wa, Mr. Ng Kwok Chu, Winfield and Mr. Ng Chau Tung, Robert. The Independent Board Committee will advise the Independent Shareholders on (i) the Transaction; (ii) the Rights Issue and the Bonus Share Issue; and (iii) the Amendment of the Bye-laws . Vinco has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether (i) the Transaction; (ii) the Rights Issue and the Bonus Share Issue; and (iii) the Amendment of the Bye-laws are in the interests of the Company and its Shareholders as a whole and to advise the Independent Shareholders on how to vote.

The purpose of this circular is to provide you with, among others, (i) details of the Transaction; the Rights Issue and the Bonus Share Issue and the Amendment of the Bye-laws, (ii) the recommendation from Vinco to the Independent Board Committee and the Independent Shareholders; (iii) the recommendation of the Independent Board Committee and (iv) the notice of SGM at which the necessary resolutions will be proposed to consider and, if thought fit, approve (i) the Transaction; (ii) the Rights Issue and the Bonus Share Issue; and (iii) the Amendment of the Bye-laws.

II. MAJOR AND CONNECTED TRANSACTION

1. Supplemental Agreement

Date: 21 May 2007

Parties:

The Company, Mr. Sin, Ms. Chen 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 is 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 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 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 Notes 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 Initial Consideration for that Quarter Period (i.e. HK$3,750,000) shall be reduced by HK$0.333.

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.

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 in the amount 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; and

 (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 in respect of the Initial Consideration 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% (being the shortfall in percentage of the Quarter Period Profit for the 1st Quarter Period from the Quarterly Profit Guarantee) 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 as 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:

(1) 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

(2) the remaining balance of the Revised Consideration in the amount 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:

(1) without the Supplemental Agreement, the Company is already subject to a payment obligation of HK$11,232,930 for the 1st Quarter Period;

(2) 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;

(3) 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;

(4) 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;

(5) 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 (save for the members of the Independent Board Committee) 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 thereafter 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 (save for the members of the Independent Board Committee) 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 (save for the members of the Independent Board Committee) 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 installments, 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.

If the Supplemental Agreement takes effect and the Quarter Period Profit remains as HK$5,760,000 per Quarter Period as the 1st Quarter Period, Right Gateway Group will contribute HK$16,128,000 (being HK$5,760,000 times four times 70%, as the Group holds 70% in Right Idea which is entitled the entire interest in the Profit pursuant to the Profit Agreement) to the profit attributable to the Shareholders per annum. According to Appendix III to this circular, total assets of the Company will increase 383.59% to HK$79.9 million, which comprises mainly the goodwill arisen from acquisition of Right Gateway Group. The gearing ratio (calculated as total borrowings over total assets of the Company) will decrease from 2.37% to 0.49% if HK$30 million of the Revised Consideration is to be paid by the funds raised from the Rights Issue.

7. Consequences and Impacts to the Group if the Transaction is not approved

If the Transaction is not approved by the Independent Shareholders at the SGM, the consideration payable under the Acquisition will remain as the Initial Consideration (subject to adjustments). The Group would have an immediate payment obligation for the 1st Quarter Period and 2nd Quarter Period. The amounts due under the 1st Quarter Period would be HK$11,232,930 and should be settled by the issuance/release of a Convertible Note in the face value of HK$9,311,100 and a cash payment of HK$1,921,830 (please refer to the paragraph headed "Background" in this letter for detailed calculation thereof). The amount due under the 2nd Quarter Period is not available as at the Latest Practicable Date.

The Company would also be under the obligations to repay all sums due under the Convertible Notes (which are to be issued under the Initial Consideration) upon its expiry if the holder(s) thereof do not exercise the conversion rights thereunder.

8. Information on Right Gateway and Right Idea

Right Gateway was incorporated on 23 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 audited accounts of Right Gateway Group, the net liabilities of Right Gateway Group as at 31 August 2006 was HK$10,686, and the loss for the period commencing on 23 June 2006 (the date of its incorporation) to 31 August 2006 was HK$11,700.

Right Gateway owns 70% of the equity interest in Right Idea, a company incorporated in the British Virgin Islands on 23 June 2006. The remaining 30% equity interest of which is owned by Sky Times Investments Limited (wholly owned by Mr. Sin and Ms. Chen in equal share).

9. Views of the Board

The Board (save for the members of the Independent Board Committee) 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.

10. 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.

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

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.

III. PROPOSED 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 Share Issue	909,090,000 Shares

As at the Latest Practicable Date, the Company has no outstanding convertible securities, options or warrants in issue, which confer any right to subscribe for Shares.

Subscription Price

The Subscription Price is 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 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;

(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; and

(vi) a discount of approximately 81.43% to the closing price of HK$0.7 per Share as quoted on GEM on the Latest Practicable Date.

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 one Rights Share and one 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 theorectical 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;

(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; and

(vi) a discount of approximately 90.71% to the closing price of HK$0.7 per Share as quoted on GEM on the Latest Practicable Date.

Qualifying Shareholders

The Company will send the Prospectus Documents to Qualifying Shareholders only. To qualify 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 and issued 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.

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 31 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.

Closure of register of members

The register of members of the Company will be closed from Wednesday, 1 August 2007 to Friday, 3 August 2007 (both days inclusive). No transfer of Shares will be registered during this period.

Rights of Overseas Shareholders:

As at the Latest Practicable Date, there are no Overseas Shareholders according to the register of members of the Company. 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.

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, issued and fully-paid) and the Bonus Shares (when allotted, 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 28 August 2007 to those Qualifying Shareholders who have paid for and have accepted the Rights Shares, at their own risk.

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.

Listing and dealings of the Rights Shares and Bonus Shares

The Company will apply to the GEM Listing Committee 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.

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

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 and Bonus Shares 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. **The Board also noted that Vinco in its letter to the Independent Board Committee and Independent Shareholders took the view that the underwriting commission charged by the Underwriter is much higher than the market practice and is not fair and reasonable to the Independent Shareholders and the Company as a whole. However, the Directors believe that the nature of gaming business have many inherent risks and it was fair and reasonable for the Underwriter to seek a higher return to cover its risks.**

Undertakings from Shareholders

As at the Latest Practicable Date, Wide Fine International Limited holds 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 and Mr. Sin, 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, hold 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, Mr. Sin, 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.

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:

    a. 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

b. 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

c. 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

d. 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

e. 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; or

(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; or

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 OF THE RIGHTS ISSUE AND BONUS SHARE ISSUE

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 relating to the Rights Issue and the Bonus Share Issue which are required by law to be filed or registered 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).

The conditions are not waivable by any of the parties. 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;

(iii) the Listing Committee of the Stock Exchange granting the listing and permission to deal in the Bonus Shares; and

(iv) 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 SHARES AND RIGHTS SHARES

Existing Shares will be dealt in on an ex-entitlements basis from Monday, 30 July 2007. Dealings in the Rights Shares in their nil-paid form will take place from Wednesday, 8 July 2007 to Wednesday, 15 August 2007 (both days inclusive). If the Underwriter terminates the Underwriting Agreement, or the conditions of the Rights Issue or the Bonus Share 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, 8 August 2007 to Wednesday, 15 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, 23 August 2007) will accordingly bear the risk that the Rights Issue could not become unconditional and may not proceed.

5. SHAREHOLDING STRUCTURE

	As at the Latest Practicable Date		**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 *(Note5)*	–	–	–	–	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:

1. Wide Fine International Limited is wholly owned by Mr. Wong Kam Leong, an executive Director of the Company, the controlling shareholder of the Company.

2. the Vendors, connected persons to the Company.

3. an executive Director of the Company.

4. a niece of a Director, therefore, for the purpose of calculation of public float, an Independent Third Party.

5. 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.

6. PUBLIC FLOAT

As shown under the section headed "the 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, Ms. Chen, Mr. Sin, Mr. Lai Pak Leng and Mr. 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.

7. 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 (save for the members of the Independent Board Committee) 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.

The Board would like to draw the attention of the Shareholders that the Group suffered an unaudited loss of HK$2.5 million for the nine months ended 31 December 2006 (2005: unaudited profit of HK$3.2 million). The Board noted the drop of unaudited profit for the said period but expects that the profitability trend of the Group to continue and the Rights Issue is the only feasible alternative available to strengthen the cash flow position of the Group. If the Transaction is not approved and the Rights Issue is approved, the Group expects to use the Rights Issue proceeds to strengthen the marketing campaign for the Group's business and as general working capital. Despite not having any specific investment plans on hand, the Board still considers that such use of the Rights Issue proceeds is fair and reasonable to the Shareholders.

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 estimated amount of the expenses of the Rights Issue (including underwriting commission, professional fees, printing charges and sundry expenses) is HK$3.4 million and 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 purpose.

In the event the Independent Shareholders do not approve the Transaction at the SGM, the net proceeds of approximately HK$36 million will be used to strengthen the marketing campaign for the Group's business and as the general working capital of the Company, which will provide the Company with additional flexibility in deciding the sources of financing for any investment opportunities that may arise in the future. As at the Latest Practicable Date, the Group has not identified any favourable investment opportunity.

8. FUND-RAISING ACTIVITIES BY THE COMPANY DURING THE PAST 12 MONTHS IMMEDIATELY PRECEDING THE LATEST PRACTICABLE DATE

No fund raising activities have been carried out by the Company during the past 12 months immediately preceding the Latest Practicable Date.

IV. 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, and to provide greater flexibility for the Company in fund raising activities to capture future investment and business opportunities, the Directors proposed the Amendment of the Bye-laws to allow a distribution to Shareholders on a non-pro-rata basis. 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 (holding 102,500,000 Shares, representing 33.8% of the issued share capital of the Company) abstain from voting, and (ii) the Transaction would require the approval by Shareholders with the Vendors and their associates (Ms. Chen and Mr. Sin holding 25,000,000 and 15,000,000 Shares respectively, representing 8.25% and 4.95% of the issued share capital of the Company respectively) 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 Amendment of the Bye-laws at the SGM.

Accordingly, a special resolution will be proposed to the Independent Shareholders at the SGM to approve by way of poll the Amendment of the Bye-laws, the passing of which is one of which is one of the conditions of the Bonus Share Issue.

V. SGM

A notice convening the SGM to be held at Pacific Place Conference Centre, 5/F. One Pacific Place, 88 Queensway, Hong Kong on Friday, 3 August 2007 at 3:00 p.m. is set out on pages 143 to 146 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 Shops 1712-1716, 17/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 authorized 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.

The resolutions in relation to the Transaction, the proposed Rights Issue and the Bonus Share Issue and the proposed Amendment to Bye-laws will be subject to Independent Shareholders' approval by way of poll.

VI. RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 31 to 32 of this circular. Your attention is also drawn to the letter of advice from Vinco set out on pages 33 to 54 of this circular, which contains, among other things, their advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Transaction, the Rights Issue and the Bonus Share Issue and the principal factors and reasons considered in arriving at its advice.

The executive Directors note the Independent Board Committee, after taking into account the advice from Vinco, considers that the Transaction is not in the interest of the Company and the Shareholders as a whole and recommends the Independent Shareholders to vote against the proposed Transaction, but to vote in favour of the Rights Issue, Bonus Share Issue and the Amendment of the Bye-laws at the SGM provided that the Transaction is not approved by the Independent Shareholders at the SGM. The Independent Board Committee further recommends that in the event that the Transaction is approved by the Independent Shareholders at the SGM, the Independent Shareholders should vote against the proposed Rights Issue, Bonus Share Issue and Amendment of the Bye-laws.

The executive Directors would like to reiterate that they are of the view that the entering into of the Transaction is in the interest of the Company and the Shareholders as a whole on the following basis:

(i) 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.

(ii) 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.

(iii) 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.

(iv) 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.

(v) 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 thereafter would not result in any adjustment in the Initial Consideration.

(vi) 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.

(vii) 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 (save for the members of the Independent Board Committee) considers that the cancellation of the Quarterly Profit Guarantee is fair and reasonable.

(viii) 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:

(a) 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

(b) 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.

(ix) As the balance of the Revised Consideration is to be paid by cash in installments, 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.

Wide Fine International Limited, the Vendors and their respective associates (holding 142,500,000 Shares in total, representing 47% of the issued share capital of the Company) will abstain from voting in all the resolutions proposed at the SGM.

After considering various factors as stated in this letter, the executive Directors wish to recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM for approving (i) the Transaction, (ii) the Rights Issue and the Bonus Share Issue, and (iii) the Amendment of the Bye-laws.

GENERAL

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

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

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

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

28 June 2007

To the Independent Shareholders,

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION AND PROPOSED RIGHTS ISSUE IN THE PROPORTION OF ONE RIGHTS SHARE FOR EVERY EXSITING 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

We refer to the letter from the Board set out on pages 8 to 30 of the circular dated 28 June 2007 ("the Circular") of which this letter forms part. Capitalized terms used herein shall have the same meanings as those defined in the Circular unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider (i) the Transaction; (ii) the Rights Issue and the Bonus Share Issue; and (iii) the Amendment of the Bye-laws and to advise the Independent Shareholders as to whether or not it would be fair and reasonable and in the interests of the Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve (i) the Transaction; (ii) the Rights Issue and the Bonus Share Issue; and (iii) the Amendment of the Bye-laws. Vinco has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board and the letter from Vinco to the Independent Board Committee and the Independent Shareholders which contain its advice to us in relation to (i) the Transaction; (ii) the Rights Issue and the Bonus Share Issue; and (iii) the Amendment of the Bye-laws as set out in the Circular. We consider that the Transaction is not fair and reasonable, so far as the Independent Shareholders are concerned and that the Transaction is not in the interests of the Independent Shareholders and the Company as a whole. We are of the view that the Rights Issue, the Bonus Share Issue and the Amendment of the Bye-laws are fair and reasonable, in the event that the Transaction is not approved by the Independent Shareholders at the SGM and the net proceeds from the Rights Issue will be used as general working capital of the Company. However, in the event that the Transaction is approved by the Independent Shareholders at the SGM, the use of HK$30 million out of

* *For identification purpose only*

approximately HK$36 million of net proceeds to repay part of the Revised Consideration is not acceptable; in such case, we consider that the Rights Issue, Bonus Share Issue and Amendment of the Bye-laws are not fair and reasonable to the Company and Independent Shareholders.

We, therefore, recommend the Independent Shareholders to vote against the proposed Transaction and to vote in favour of the Rights Issue, Bonus Share Issue and the Amendment of the Bye-laws at the SGM provided that the Transaction is not approved by the Independent Shareholders at the SGM. In the event that the Transaction is approved by the Independent Shareholders at the SGM, we recommend the Independent Shareholders to vote against the proposed Rights Issue, Bonus Share Issue and Amendment of the Bye-laws.

Yours faithfully,
Independent Board Committee

Mr. Ieong Meng Wa
Independent non-executive Director

Mr. Ng Kwok Chu
Independent non-executive Director

Mr. Ng Chau Tung, Robert
Independent non-executive Director

The following is the text of a letter of advice from Grand Vinco Capital Limited to the Independent Board Committee and the Independent Shareholders in connection with the (i) major and connected transaction; (ii) 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 (iii) the proposed Amendment of the Bye-laws, which has been prepared for the purpose of incorporation in this circular:

VINCO 城高

Grand Vinco Capital Limited
Unit 4909-4910, 49/F., The Center
99 Queen's Road Central, Hong Kong

28 June 2007

To the Independent Board Committee and the Independent Shareholders of
Long Success International (Holdings) Limited

Dear Sirs,

(1) MAJOR AND CONNECTED TRANSACTION
(2) 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
(3) PROPOSED AMENDMENT OF THE BYE-LAWS

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the (i) major and connected transaction; (ii) 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 (iii) the proposed Amendment of the Bye-laws, details of which are set out in the "Letter from the Board" in the circular (the "Circular") issued by the Company to the Shareholders dated 28 June 2007 of which this letter forms part. Capitalized terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

The Company entered into the Supplemental Agreement dated 21 May 2007 with the Vendors and Man Pou in relation to the Acquisition Agreement. 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. In addition, since the Vendors are substantial shareholders of Right Idea, an indirect subsidiary of the Company, the Vendors are connected persons of the Company. As such, the Transaction also constitutes a connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules and the Transaction shall be subject to the requirements of reporting, announcement and independent Shareholders' approval, voting by way of poll at the SGM.

As announced by the Company on 4 June 2007, the Company proposed to raise fund for the repayment of part of the Revised Consideration by way of Rights Issue in conjunction with the Bonus Share Issue. Pursuant to rule 10.29 (1) of the GEM Listing Rules, the Rights Issue is subject to, among other things, the approval by Independent Shareholders by way of poll at the SGM. The Bonus Share Issue, being inter-conditional to the Rights Issue, will also be subject to Independent Shareholders' approval at the SGM.

The Independent Board Committee, comprising Mr. Ieong Meng Wa, Mr. Ng Kwok Chu, Winfield and Mr. Ng Chau Tung, Robert, all being the independent non-executive Directors, has been formed to advise the Independent Shareholders on the terms of the Transaction, the Rights Issue, the Bonus Share Issue and the Amendment of the Bye-laws. We have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Transaction, the Rights Issue, the Bonus Share Issue and the Amendment of the Bye-laws. In our capacity as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders for the purposes of the GEM Listing Rules, our role is to give you an independent opinion as to whether the terms of the Transaction, the Rights Issue, the Bonus Share Issue and the Amendment of the Bye-laws are on normal commercial terms, in the ordinary course of business, fair and reasonable and in the interests of the Company and the Shareholders as a whole and whether the Independent Shareholders should vote in favour of the resolution to be proposed at the SGM to approve the Transaction, the Rights Issue, the Bonus Share Issue and the Amendment of the Bye-laws.

BASIS OF OUR OPINION AND RECOMMENDATION

In forming our opinion and recommendation, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries. We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete as at the date of the Circular and that all expectations and intentions of the Directors, management of the Company and its subsidiaries, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors, management of the Company and its subsidiaries. The Directors have confirmed to us that no material facts have been omitted from the information supplied and opinions expressed. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors, management of the Company and its subsidiaries.

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

We have relied on such information and opinions and have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Group or its future prospect.

Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the Transaction, Rights Issue, Bonus Share Issue and Amendment of the Bye-laws, as referred to in Rule 17.92 of the GEM Listing Rules (including the notes thereto).

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the proposed Transaction, Rights Issue, Bonus Share Issue and the Amendment of the Bye-laws and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Transaction, the Rights Issue, the Bonus Share Issue and the proposed Amendment of the Bye-laws, we have considered the principal factors and reasons set out below:

1. The Transaction

Background of and reasons for the Transaction

The principal activities of the Group are to provide packaged software, customized business application solutions, the related technical support and maintenance services, and also mobile B2B eBusiness solutions using ASP approach. The Group has also engaged in providing marketing services for a VIP Lounge in Macau pursuant to the Acquisition Agreement.

Pursuant to the Acquisition Agreement and Profit Agreement, the Company agreed to acquire from the Vendors the entire issued capital of Right Gateway at the Initial Consideration of HK$230,200,000 and has the right to share the 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 net win from the game of Baccarat to be approximately HK$300,000,000 per month and is subject to adjustments mechanism 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 at HK$1.1 each; (2) as to HK$30,000,000 in cash; and (3) as to HK$145,200,000 by the issue of Convertible Notes.

Under the Acquisition Agreement and the Profit Agreement, 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 obligation 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.

Principal terms of the Supplemental Agreement

Pursuant to the proposed Supplemental Agreement, 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 allotment and issue of 50,000,000 Shares at HK$1.1 each to the Vendors on Completion. The Revised Consideration HK$89,877,000 will be satisfied by (i) allotment and issue of 50,000,000 Shares at HK$1.1 each (which has been allotted and issued on Completion) and (ii) cash payments by installments.

The basis of 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.

In conjunction with the downward adjustment of the Initial Consideration, further terms were agreed by the Company and the Vendors pursuant to the Supplemental Agreement, including (1) the adjustment mechanism in relation to the Initial Consideration provided in the Acquisition Agreement and the Quarterly Profit Guarantee are to be cancelled; (2) 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; and (3) the grant of Call Option will be cancelled.

First of all, in assessing as to the fairness and reasonableness of the Revised Consideration, we have performed a scenario analysis on the Quarter Periods (the "Scenario Analysis").

Pursuant to the Acquisition Agreement and the Profit Agreement, Initial Consideration shall be subject to an adjustment mechanism with reference to the Quarter Period Profit accordingly, while the Revised Consideration shall be settled in two fixed installments, in conjunction with (1) canceling the adjustment mechanism under the Acquisition Agreement and the Quarterly Profit Guarantee; and (2) all sums payable by the Company under the Acquisition Agreement for the Quarter Period(s) before the Effective Date to be waived by the Vendors. Since the underlying assets for the Initial Consideration and the Revised Consideration are the same, we have performed the comparison on the respective repayment obligations of the Company under different profit scenarios of Right Gateway.

The Scenario Analysis contrasts the repayment obligations of the Initial Consideration under the adjustment mechanism as stated in the Acquisition Agreement with the Revised Consideration at a range of profit scenario from 60% decrease from the actual Quarter Period Profit of the 1st Quarter Period, i.e. HK$5,760,000, per Quarter Period to no change per Quarter Period. The following is a table illustrating the differences in the repayment obligations of the Company under the Initial Consideration and Revised Consideration (excluding the allotment and issue of 50,000,000 Shares at HK$1.1 each which was already settled):

Percentage quarterly decrease of Quarter Period Profit from 1st Quarter Period Profit	**Adjusted Initial Consideration pursuant to adjustment mechanism as stated in the Acquisition Agreement (rounded up to the nearest thousands)**	**The Revised Consideration**	**The difference between the Initial Consideration and the Revised Consideration (rounded up to the nearest thousands)**
Note	*approximately HK$*	*approximately HK$*	*approximately HK$*
-60%	18,971,000	34,877,000	(15,906,000)
-50%	22,626,000	34,877,000	(12,251,000)
-40%	27,839,000	34,877,000	(7,038,000)
-30.665%	34,877,000	34,877,000	0
-20%	46,900,000	34,877,000	12,023,000
-10%	64,070,000	34,877,000	29,193,000
0	89,863,000	34,877,000	54,986,000

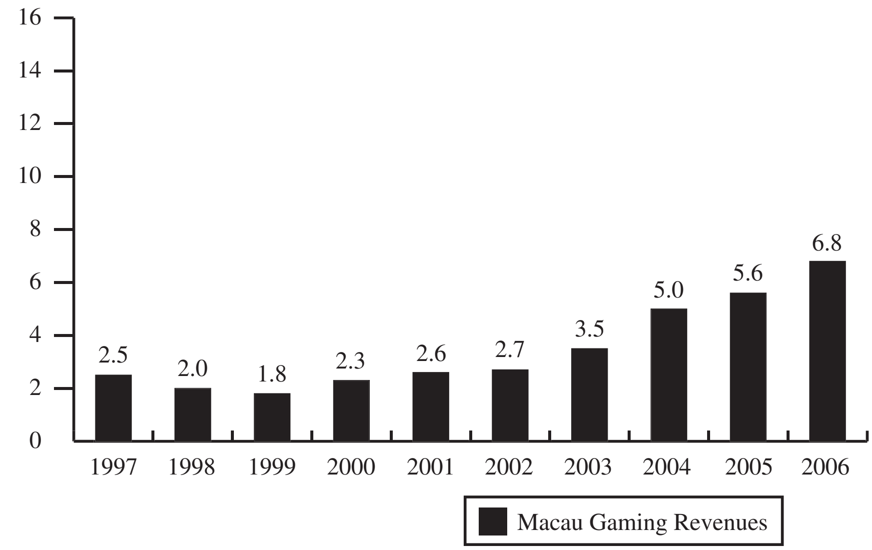
Note: The calculation of projected Quarter Period Profit in each scenario is based on applying the percentage quarterly decrease from the last Quarter Period. As advised by the Directors, the 1st Quarter Period Profit amounted to HK$5,760,000. As such, under the scenario of a decrease of 60% per Quarter Period, the 2nd Quarter Period Profit will be approximately HK$2,304,000, 3rd Quarter Period Profit will be approximately HK$921,600, so on and so forth.

With reference to the Scenario Analysis, we noted that (i) if the Profit decreases more than 30.665% per Quarter Period, then the Revised Consideration will exceed the Initial Consideration after adjustment; (ii) if the Profit decreases at 30.665% per Quarter Period, then the Initial Consideration will be the same as the Revised Consideration; and (iii) if the Profit decreases less than 30.665% per Quarter Period (or growth), then the Initial Consideration will exceed the Revised Consideration.

The Revised Consideration will only be beneficial to the Shareholders and the Company as a whole if the Profit deteriorates at a rate of less than 30.665% per Quarter Period, and vice versa.

For the purpose of determining whether the Revised Consideration is fair and reasonable to the Independent Shareholders, we have looked into the prospect of the Macau VIP market from a number of independent research reports in order to assess the likeliness of which scenario may apply according to the Scenario Analysis.

Gaming has been always been the economic pillar of Macau. During the last few years, the "Sociedade de Jogos de Macau" (the "SJM"), Galaxy Casino Company Ltd. (the "Galaxy"), and Wynn Resorts (Macau) Ltd. (the "Wynn Macau") were granted the concession license to operate casinos there, and MGM, Las Vegas Sands Corporation (the "LVS") and Melco PBL were the sub-concession holders from the concession license holders. In light of recent policy to strengthen the industry, the gaming revenue grew substantially over the years. According to the statistics of the Macau Gaming Inspection and Coordination Bureau, the historical gaming revenue of Macau has been growing significantly. The gaming revenue in 2006 achieved approximately US$6.8 billion, representing a growth of approximately 161% from 5 years ago and approximately 23% growth over 2005. The following is a table showing the historical and estimated gaming revenues from 1997 to 2006.



Source: Macau Gaming Inspection and Coordination Bureau

The growth of VIP gaming revenue was also strong in 2006, which recorded an increase of 16% in 2006. With reference to our research findings, the growth in VIP gaming revenue was mainly driven by the opening of luxury Vegas–style VIP-focused casinos, including Sands, Wynn Macau and Crown Macau. In addition, we noted that the strong VIP gaming market growth was mainly attributable to LVS VIP program, and Wynn Macau VIP operations. The key drivers of the recent surge in the VIP gaming revenue were mainly the Vegas-style VIP operations, which corroded the VIP gaming market share of the other casinos.

In light of the recent growth in gaming revenues in Macau, competition in the industry inevitably sets in, including but not limited to the opening of Wynn Macau in September 2006, Grand Lisboa in February 2007, and Crown Macau in May 2007. There are approximately 25 casinos in operation and numerous casinos are under construction, including Venetian, MGM Grand, City of Dreams, Shangri-La Traders, Sheraton St. Regis, Hilton Conrad, Four Seasons, etc. (about 13 of new casinos are under construction at Cotai, where the Jun Ying VIP Club is located) The operating environment in Cotai will be under stressful competition. Based on our research findings and in light of the openings of new casinos, the supply of VIP gaming tables will increase substantially for over 70% resulting in driving down the revenue per table to a fall of approximately 30%.

The competition arising from continuous openings of new casinos drives down the net win for each of the VIP gaming tables. Even the competitive Las Vegas operator such as LVS experienced a fall in 1% of year to year growth in first quarter of 2007, due to lower operating margins and increase in expenses on staff retention and maintaining market share in the VIP segment. The net win per table for non-Vegas-style casinos would be even more intense due to the opening of new casinos. As such, we are of the view that the net win from the VIP gaming table will be further driven down in general particularly for non-Vegas-style market players.

The growth of gaming market in Macau in the past few years was mainly attributable to the strong influx of visitors. According to the Statistics and Census Services of the Macau government, visitors to Macau grew at 12.2% and 17.6% in 2005 and 2006 respectively, of which PRC visitors accounted for 55.92% and 54.48%. The following exhibits the number of total and PRC visitors to Macau from 1999 to April 2007:

		Total		**Mainland China**		
		No. ('000)	*Rate of Change (%)*	*No. ('000)*	*Rate of Change (%)*	*Share of total visitors (%)*
1999		7443.9	7.1	1645.2	101.4	22.10%
2000		9162.2	23.1	2274.7	38.3	24.83%
2001		10279.0	12.2	3005.7	32.1	29.24%
2002		11530.8	12.2	4240.4	41.1	36.77%
2003		11887.9	3.1	5742.0	35.4	48.30%
2004		16672.6	40.2	9529.7	66.0	57.16%
2005		18711.2	12.2	10463	9.8	55.92%
2006		21998.1	17.6	11985.6	14.6	54.48%
2007	Jan.	2038.8	22.7	1155.8	24.6	
	Feb.	2169.5	22.3	1238.2	23.1	
	Mar.	2161.4	19.2	1183.1	13.4	
	Apr.	2227.0	19.1	1142.0	15.3	
	Subtotal	8596.7		4719.1		54.89%

Source: The Statistics and Census Service (DSEC) of Macau Special Administrative Region of the PRC

However, according to recent measures adopted by the Guangdong government, the Guangdong Province is tightening the individual visit scheme to Macau through (i) limiting the application for individual travel visa from twice a month to once a month; (ii) extending the application duration from 6 days to 10 days; and (iii) terminating urgent visa application. Given the fact that visitors from PRC have contributed more than half of the total visitors, the measures may further lower the revenue source of gaming industry. In addition, although these measures are not official policy, it is difficult to determine how long they will last and whether or not other provinces will follow suit and the then uncertain adverse impact to the gaming industry in Macau.

Having considered (i) the potential purge of the net win in VIP market for about 30%; (ii) the opening of new Vegas-style casinos at Cotai; and (iii) the decreases in PRC visitors to Macau, the prospect of Profit for Right Gateway is not optimistic. With reference to the Scenario Analysis, if the Profit deteriorates more than 30.665% per Quarter Period following the 1st Quarter Period of HK$5,760,000, the Revised Consideration will be higher than the Initial Consideration and thus will not benefit the Company as a whole. As such, we are of the view that the Revised Consideration is not acceptable to the Independent Shareholders and the Company as a whole.

Independent Shareholders should note that in the event the Transaction is voted down by the Independent Shareholders at the SGM, the Initial Consideration, all sums payable by the Company under the Acquisition Agreement for the Quarter Period(s) before the Effective Date, will remain in force and the Company is obliged to pay the Initial Consideration under such circumstances as stated in the letter from the Board. The Company will also continue to observe their obligation under the Initial Consideration if the Transaction is voted down at the SGM by the Independent Shareholders. In line with our analysis under our Scenario Analysis, we are of the view that the Revised Consideration is not beneficial to the Company and is not at the best interests of the Independent Shareholders and the Company as a whole.

We have accounted for the impact of other terms of the Supplemental Agreement in our Scenario Analysis, including the waiver by the Vendors as to (1) the adjustment mechanism under the Acquisition Agreement and the Quarterly Profit Guarantee; and (2) all sums payable by the Company under the Acquisition Agreement for the Quarter Period(s) before the Effective Date. In line with our aforementioned conclusion on the Revised Consideration, we are of the view that the Revised Consideration incidental to these other terms is not favourable to the Independent Shareholders and the Company as well.

With respect to the cancellation of Call Option, as it would protect the Independent Shareholders from further potential dilution after the allotment and issue of 50,000,000 consideration Shares. We are of the view that the cancellation of the Call Option is however fair and reasonable to the Independent Shareholders and the Company as a whole.

In a nutshell, as the reduction of payment term through replacing the Initial Consideration with the Revised Consideration, being the major term of the Supplemental Agreement, is not favourable and thus not fair and reasonable to the Independent Shareholders and the Company as a whole, and considering the Initial Consideration will remain in force if the Transaction is voted down by the Independent Shareholders at the SGM, we, therefore, suggest the Independent Board Committee to advise the Independent Shareholders not to vote in favour of the Supplemental Agreement at the SGM.

2. The Rights Issue, the Bonus Share Issue and the Amendment of the Bye-laws

Background of and reasons for the Rights Issue, the Bonus Share Issue and the Amendment of the Bye-laws

With reference to the Announcement, the Company proposed to raise approximately HK$39.4 million before expenses by way of a rights issue of 303,030,000 Shares at a price of HK$0.13 each on a basis of one Rights Share for every existing Share held by the Qualifying Shareholders on the Record Date. In conjunction with the Rights Issue, the Company will issue one Bonus Share for every Rights Share successfully to the registered holders of fully-paid Rights Shares. The Rights Issue and the Bonus Share Issue are inter-conditional to each other. In order to facilitate the Rights Issue and the Bonus Share Issue, the Company proposes to amend the Bye-laws of the Company to allow distribution to Shareholders on a non-pro-rata basis.

The net proceeds of approximately HK$36 million from the Rights Issue, is expected to be used as to (i) HK$30 million for payment of the Revised Consideration and (ii) approximately HK$6 million as general working capital of the Group. Save for the proposed repayment of the Revised Consideration, if approved by the Independent Shareholders by way of poll at the SGM, Rights Issue can strengthen the Group's financial position through injecting approximately HK$6 million into the working capital of the Group.

Principal terms for the Rights Issue and the Bonus Share Issue

a. Subscription price

Under the Rights Issue, the Company will provisionally allot one Rights Share for every one existing Share held by Qualifying Shareholders on the Record Date at a Subscription Price of HK$0.13 per Rights Share. 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 81.43% to the closing price of HK$0.7 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(v) 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

(vi) 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.

Under the Rights Issue and the Bonus Share Issue, the Qualifying Shareholders would be entitled to 1 Rights Share and 1 Bonus Share for every Share they hold on the Record Date at a theoretical Subscription Price of HK$0.065 per Rights Share. The Subscription Price represents:

(i) a discount of approximately 87.54% 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 90.71% to the closing price of HK$0.7 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(v) 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

(vi) 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.

The Directors consider the terms of the Rights Issue and the Bonus Share Issue (including the Subscription Price) to be fair and reasonable. As advised by the Directors, the Subscription Price has been determined based on arm's length negotiation between the Company and the Underwriter with reference to the then market environment, prevailing market price of the Shares and recent financial conditions of the Group. In order to enhance the attractiveness of the Rights Issue, the Directors consider that it is appropriate to set the Subscription Price at a discount to the market price of the Shares.

To assess as to the fairness and reasonableness of the Rights Issue, we have reviewed and included below all the companies (the "Comparables") listed on the Stock Exchange which have announced rights issue during the last six months preceding the date of the Announcement as follows:

Company name	Stock code	Date of announcement	Underwriting commission	Basis of entitlement	Discount / (premium) of the subscription price to the closing price of last trading day prior to the date of announcement	Discount / (premium) of the subscription price to the theoretical ex-right price of last trading day prior to the date of announcement
Sun East Technology (Holdings) Limited	365	17-Nov-06	2.50%	2 for 5	42.86%	34.89%
Radford Capital Investment Limited	901	1-Dec-06	2.00%	1 for 2	49.37%	39.39%
SunCorp Technologies Limited	1063	11-Dec-06	N/A	1 for 2	63.41%	53.63%
Kowloon Development Company Limited	34	19-Dec-06	1.50%	1 for 2	14.07%	9.86%
Lung Cheong International Holdings Limited	348	21-Dec-06	Nil	1 for 2	28.60%	20.90%
China Chengtong Development Group Limited	217	9-Jan-07	2.50%	3 for 10	42.10%	35.90%
Capital Estate Limited	193	26-Jan-07	2.00%	5 for 1	80.88%	40.90%
Bestway International Holdings Limited	718	5-Feb-07	1.50%	1 for 2	39.60%	30.40%
China Treasure (Greater China) Investments Limited	810	12-Feb-07	2.50%	9 for 1	97.50%	79.59%
Sino Haijing Holdings Limited	8065	8-Mar-07	2.50%	1 for 2	60.00%	50.00%

Company name	Stock code	Date of announcement	Underwriting commission	Basis of entitlement	Discount / (premium) of the subscription price to the closing price of last trading day prior to the date of announcement	Discount / (premium) of the subscription price to the theoretical ex-right price of last trading day prior to the date of announcement
Unity Investments Holdings Limited	913	12-Mar-07	2.50%	10 for 1	76.19%	22.54%
See Corporation Limited	491	13-Mar-07	2.50%	4 for 1	73.00%	35.10%
Pacific Andes International Holdings Limited	1174	23-Mar-07	2.50%	1 for 2	34.30%	25.80%
Freeman Corporation Limited	279	23-Mar-07	N/A	1 for 2	45.70%	35.83%
TCL Multimedia Technology Holdings Limited	1070	15-May-07	Nil	1 for 2	37.50%	28.60%
Max:			2.50%		97.50%	79.59%
Min:			1.50%		14.07%	9.86%
Mean			2.23%		52.34%	36.22%
The Company	**8017**	**4-Jun-07**	**4.25%**	**1 for 1** *Note 1*	**75.47%**	**40.91%**
				1 for 1+1 *Note 2*	**87.74%**	**70.45%**

Source: Stock Exchange

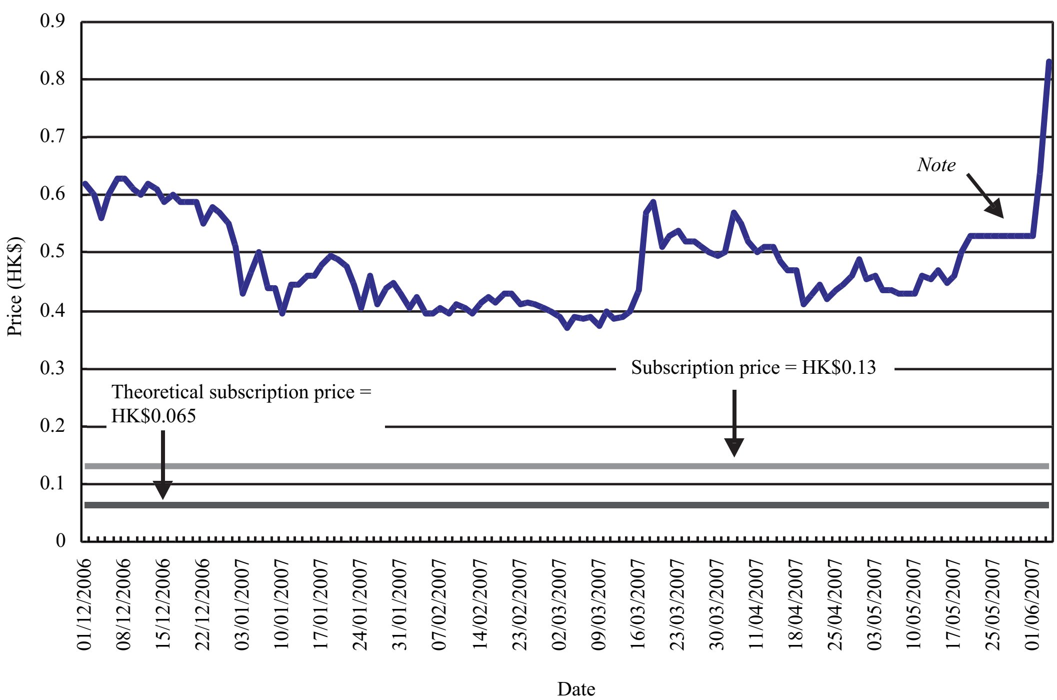
Note:

1. To consider the effect to the Rights Issue alone, the discount percentages are based on the Subscription Price at HK$0.13 per Rights Share.

2. To consider the effect of the Rights Issue and the Bonus Share Issue, the discount percentages are based on the theoretical subscription price of HK$0.065 per Rights Share.

Based on the table above, the subscription prices of the Comparables represent a range from a discount of approximately 14.07% to 97.50% on the closing price of the last trading day prior to the date of announcement with a mean of approximately 52.34%, and also a range from a discount of approximately 9.86% to 79.59% on the theoretical closing price of last trading day prior to the date of announcement with a mean of 36.22%. The Subscription Price for the Rights Issue alone represents a discount of approximately 75.47% and 40.91% from the closing price on Last Trading Day and the theoretical closing price on the Last Trading Day respectively, which are higher than the respective mean discounts but falls within the range of the Comparables. The theoretical subscription price regarding the Rights Issue and the Bonus Share Issue represents a discount of approximately 87.74% and 70.45% from the closing price on Last Trading Day and the theoretical closing price on the Last Trading Day respectively, which falls within the range of the Comparables. As the discount of the Subscription Price and the theoretical subscription price of the Rights Issue are however above the Comparables' average discount of approximately 52.34% and 36.22% of subscription prices on the closing prices of the Comparables on the lasting trading day and the theoretical subscription prices on the closing prices of the Comparables respectively, we agreed with the view of the Directors that it is common for the listed issuers to issue rights shares at a discount to the market price in order to give an incentive to their shareholders to participate in the rights issue. We consider the pricing of the Rights Issue and the Bonus Share Issue, above average yet within range of Comparables, is acceptable to the Independent Shareholders and the Company as a whole.

Considering the recent Shares price performance, the chart below illustrates the performance of the Shares from 1 December 2007 to the Latest Practicable Date (the "Review Period").



Source: Stock Exchange

Note: Trading of Shares was suspended from 22 May 2007 to 1 June 2007 pending the release of the Announcement.

The closing price of Shares as quoted on the Stock Exchange during the Review Period has been fairly steady, save for a sharp rise of Share price after the release of the Announcement. Given the acceptable discount in the Rights Issue in conjunction with the Bonus Share Issue, the steady Share price gives a good incentive for the Qualifying Shareholders to take up their respective entitlement.

Having considered that (i) the discount of Subscription Price is in line with the recent market practice and (ii) the trading price of the Shares have been relatively steady over the Review Period, we are of the view that the pricing of the Rights Issue in conjunction with the Bonus Share Issue provides a reasonable incentive for the Qualifying Shareholders to subscribe for the Rights Shares and is fair and reasonable as far as the Independent Shareholders are concerned.

b. Underwriting commission

The commission rate for underwriters of the Comparables ranged from nil to 2.5%. As the underwriter is charging 4.25% underwriting commission, which is 1.75% above the highest underwriting commission rate of the Comparables, we are of the view that the underwriting commission charged by the Underwriter is much higher than the market practice and is not fair and reasonable to the Independent Shareholders and the Company as a whole.

c. Dilution effect on shareholding interests of the Independent Shareholders

All Qualifying Shareholders are entitled to subscribe for the Rights Shares. For those Qualifying Shareholders who take up their entitlements in full under the Rights Issue, their shareholding interests in the Company will remain unchanged after the Rights Issue and the Bonus Share Issue.

For those Qualifying Shareholders who do not exercise their rights to subscribe for the Rights Issue in conjunction with the Bonus Share Issue in full, depending on the extent to which they take up their entitlements, their shareholding interests will be diluted up to a maximum of approximately 25.41%. It should be noted that such Shareholders will have the opportunity to realize their nil-paid rights to subscribe for the Rights Shares in the market, subject to the then prevailing market conditions, and the Shareholders who have disposed of their nil-paid rights will not be able to subscribe for the Rights Shares.

Meanwhile, Qualifying Shareholders who wish to increase their shareholdings in the Company through the Rights Issue in conjunction with the Bonus Share Issue may, subject to availability, acquire additional nil-paid rights in the market. The Qualifying Shareholders may also apply for excess Rights Shares.

We are of the view that the arrangement for the Rights Issue in conjunction with the Bonus Share Issue are in line with recent market practice for rights issue and are able to cater for different objective for the Qualifying Shareholders.

The shareholding structure before and after the Rights Issue and Bonus Share Issue is illustrated as below:

	As at the date of 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 the Bonus Share Issue assuming all Qualifying Shareholders (except Wide Fine International Limited, Chen Anfeng, Sin Tim Iao, Lai Cho Wai and Lai Pak Leng) do not take up their respective entitlement**	
	Shares	*Approximate %*	*Shares*	*Approximate %*	*Shares*	*Approximate %*
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%

Note:

1. Wide Fine International Limited is wholly owned by Mr. Wong Kam Leong, an executive Director of the Company, the controlling shareholder of the Company.

2. the Vendors, connected persons to the Company.

3. an executive Director of the Company.

4. a niece of a Director, therefore, for the purpose of calculation of public float, an Independent Third Party.

5. 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 GEM 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.

The Independent Shareholders who are Qualifying Shareholders should note that, should they decide to subscribe for their full provisional allotment entitlements of the Rights Shares with the Bonus Shares, there would not be any dilution effect on their interests in the Company. However, we would like to draw the Independent Shareholders' attention to the fact that, for those Independent Shareholders who do not wish to take up all or part of their provisional allotment entitlements to the Rights Shares with the Bonus Shares, their corresponding interest in the Company will be diluted. In case all the Qualifying Shareholders (other than the Underwriter) decide not to take up the provisional allotments of the Rights Issue with the Bonus Shares and the Underwriter has taken up all the provisional allotments in its capacity as the Underwriter, the percentage of shareholding of the other public Shareholders will be reduced from approximately 38.12% to approximately 12.71%.

d. Nil-paid Rights Share and excess application

If the Qualifying Shareholders decide not to take up all or part of their provisional allotment entitlements (including the Rights Shares and Bonus Shares), they will have the opportunity to realize all or part of their nil-paid Rights Shares in the market, subject to their prevailing market conditions, and receive cash consideration although there is no guarantee that they can dispose of their nil-paid Rights Shares at a price to their satisfaction.

Besides, if the Qualifying Shareholders decide to take further increase their percentage of shareholdings in the Company, they can either acquire additional Rights Shares in the nil-paid form in the market which will enable them to subscribe for Rights Shares in addition to their provisional allotment entitlements or apply for excess Rights Shares through the EAF(s) and the Directors will allocate the excess Rights Shares at their sole discretion on a fair and reasonable basis, but preferences will be given to topping-up odd lots to board lots.

Having considered that the Qualifying Shareholders have full discretion in deciding whether they will take up their respective entitlements, or to extend their shareholding through purchasing nil-paid Rights Shares or to subscribe for excess Rights Shares, we are of the view that the Rights Issue in conjunction with the Bonus Share Issue cater for different objectives of the Qualifying Shareholders and is fair and reasonable to the Independent Shareholders and the Company as a whole.

We are of the view that the proposed arrangements of the Rights Issue and the Bonus Share Issue are in-line with the market practice for rights issue and are able to cater for different objectives of the Qualifying Shareholders.

Other financing alternatives

As advised by the Directors, they have considered alternative means of financing other than a rights issue, including arrangement of new bank loans, private placements, and open offer. However, considering the Group's current gearing ratio, the Directors believe that taking on additional bank borrowings would be impracticable. Private placements of new shares, open offer, and rights issue are common means of equity financing. The Directors consider that a private placement of Shares by its nature excludes existing Shareholders, and the same time, results in dilution of existing Shareholders' interests.

Both open offer and rights issue render all the Shareholders equal opportunities to participate in the enlargement of the capital base of the Company and allow them to maintain their proportionate interests in the Company. Comparing with an open offer, a rights issue provides additional benefit to the Shareholders in that it allows the Shareholders who do not wish to participate in the fund raising of the Company to dispose of their entitlements in the market, subject to market conditions.

Based on the aforesaid, we concur with the Directors' view that the Rights Issue is an acceptable means to raise funds for the Company to (i) strengthen the Group's financial position; and (ii) enlarge its capital base.

Proposed use of proceeds

The Company proposed to raise approximately HK$36 million after expenses by way of Rights Issue and Bonus Share Issue.

As advised by the Directors, the net proceeds of approximately HK$36 million from the Rights Issue, is expected to be used as to (i) HK$30 million for payment of the Revised Consideration and (ii) approximately HK$6 million as general working capital of the Group, including strengthening the marketing campaign of the Group's business.

Since the Rights Issue and the Bonus Share Issue are not conditional upon the Independent Shareholders' approval on the Transaction, in the event the Independent Shareholders do not approve the Transaction at the SGM, as advised by the Directors, the net proceeds of approximately HK$36 million will be used as the general working capital of the Company. This potential improvement of general working capital will strengthen the capital base of the Group, which will be beneficial to the Group in its possible acquisitions or investments in the future. On the other hand, in the event that the Group identifies a suitable investment opportunity and does not have sufficient cash resources on hand, and it fails to obtain loans on terms which the Directors consider acceptable to the Group or raise funds from the equity capital market, or it cannot find other alternatives to finance the acquisition of such investment opportunity in a timely manner, the Group may lose its bid in an otherwise favourable investment. The net proceeds from the Rights Issue and Bonus Share Issue will therefore provide the Company with stronger capital base and additional flexibility in deciding the source of finance for any acquisition or investment opportunities that may arise in the future, as well as strengthening the competitiveness of the Group in terms of improving the existing business, which can benefit the future business development of the Company and thus Rights Issue and Bonus Share Issue are in the interests of the Independent Shareholders and the Company as a whole. As confirmed by the Directors, the Group has not identified any favourable investment as at the Latest Practicable Date, yet the Directors shall continue in exploring favourable investment opportunities in the future. In addition, the Company can also strengthen its marketing campaign with stronger capital base.

The Independent Shareholders should note that the Company recorded a loss of approximately HK$2.5 million for the nine-month period ended 31 December 2006 as compared to a profit of approximately HK$3.2 million for the same respective period in 2005. As confirmed by the Directors, the contribution of 70% of approximately HK$5,760,000 (the 1st Quarter Period Profit) would only be accounted for in the last quarter result of the Group's financial year ended 31 March 2007. As such, the investment under the Acquisition Agreements shall have a positive effect to the existing operation of the Group in the first three quarters of the financial year ended 31 March 2007 though it was below expectation. The injection of approximately HK$36 million of general working capital from the Rights Issue will enable the Group to search for and invest in further favourable investments in the future so as to provide opportunity for the Company to improve its business performance, and strengthen its marketing campaign.

Since we have concluded that the Transaction is not acceptable to the Independent Shareholders, we are of the view that the use of approximately HK$30 million out of approximately HK$36 million of net proceeds to repay the part of the Revised Consideration is also not acceptable to the Independent Shareholders and is not in the interests of the Independent Shareholders and the Company as a whole. However, in the event that the Transaction is not approved by the Independent Shareholders at the SGM and thus the net proceeds of approximately HK$36 million will be used as working capital and may improve the loss operation in the last three quarters of the Group, we are of the view that the Rights Issue, Bonus Share Issue and the Amendment of the Bye-laws are then fair and reasonable and are thus in the interest of the Independent Shareholders and the Company as a whole.

Effects of Amendment of the Bye-laws

The Amendment of Bye-laws, upon approval by the Independent Shareholders, will facilitate the Bonus Share Issue. Save for the Bonus Share Issue, Amendment of the Bye-laws will also provide greater flexibility for the Company in deciding the equity fund raising activities of similar structure as the Rights Issue and Bonus Share Issue or an open offer with bonus share issue or other possible structures to capture future investment and business opportunities. As such, we are of the view that the Amendment of Bye-laws is acceptable and is in the interests of the Independent Shareholders and the Company as a whole.

3. Financial effects of the Transaction, the Rights Issue, the Bonus Share Issue and the Amendment of the Bye-laws

a. Net asset value

With reference to the unaudited pro forma consolidated balance sheet of the enlarged group as at 31 March 2006 on pages 114 to 130 on this Circular, the net assets of the Group was approximately HK$107,841,000 after the completion of the Acquisition Agreements. Assuming the Transaction and the Rights Issue with the Bonus Share Issue were approved and completed on 31 March 2006, the net assets of the Group would decrease to HK$69,927,000. Assuming only the Rights Issue, Bonus Share Issue and Amendment of the Bye-laws are approved and completed as at 31 March 2006, the Rights Issue with the Bonus Share Issue would increase to HK$143,841,000 in the net assets of the Group. We noted that the Rights Issue with the Bonus Share Issue itself results in a relatively better net assets value to the Company.

b. Working capital

With reference to the unaudited pro forma consolidated balance sheet of the enlarged group as at 31 March 2006 on pages 114 to 130 on this Circular, the Group had approximately HK$33,010,000 of net current liabilities after the completion of the Acquisition Agreements. Assuming only the Rights Issue, Bonus Share Issue and Amendment of the Bye-laws are approved and completed as at 31 March 2006, the Rights Issue itself would increase the net current assets to HK$2,990,000. Assuming both of the Transaction and the Rights Issue were approved and completed as at 31 March 2006, collectively the Transaction and the Rights Issue would improve the working capital position to HK$6,194,000. We noted that the Transaction and the Rights Issue contribute a relatively better net working capital position for the Company.

c. Gearing ratio (total borrowings / total assets)

With reference to the unaudited pro forma consolidated balance sheet of the enlarged group as at 31 March 2006 on pages 114 to 130 on this Circular, the Group had a gearing ratio of approximately 0.25% after the completion of the Acquisition Agreements. Assuming only the Rights Issue, Bonus Share Issue and Amendment of the Bye-laws are approved and completed as at 31 March 2006, the unaudited pro forma gearing ratio would be 0.20%. Assuming both of the Transaction and the Rights Issue were approved and completed as at 31 March 2006, the unaudited pro forma gearing ratio would be 0.46%. We noted that the Rights Issue results in a relatively favourable and effective gearing position to the Company.

CONCLUSION

Having taken into consideration of the following principal factors and reasons regarding the Transaction, including:

(a) the Revised Consideration will not be favourable to the Company compared to the Initial Consideration in view of the possible deteriorating Profit due to the keen competition of the Macau gaming markets;

(b) tightened visa requirement in the PRC will decrease future visitors from PRC to Macau; and

(c) the prospect of VIP market in Macau is not optimistic,

we are of the view that the Transaction is not fair and reasonable, so far as the Independent Shareholders are concerned and that the Transaction is not in the interests of the Independent Shareholders and the Company as a whole.

Having taken into consideration of the following principal factors and reasons regarding the major terms of the Right Issue, Bonus Share Issue and the Amendment of the Bye-laws, including:

(a) the Subscription Price and the theoretical subscription price with the effect of the Bonus Share Issue is in line with common market practice;

(b) the underwriting commission is higher than the market rate under the Review Period;

(c) the potential dilution of existing public Shareholders if they choose not to take up their respective entitlements;

(d) the Directors, after due and careful consideration, consider the Rights Issue has advantages over the alternative fund raising methods;

(e) the use of HK$30 million out of approximately HK$36 million of net proceeds to repay part of the Revised Consideration is not acceptable; and

(f) the use of approximately HK$36 million of net proceeds as the general working capital is acceptable,

we are of the view that the Rights Issue, the Bonus Share Issue and the Amendment of the Bye-laws are fair and reasonable, in the event that the Transaction is not approved by the Independent Shareholders at the SGM and the net proceeds from the Rights Issue will be used as general working capital of the Company. However, in the event that the Transaction is approved by the Independent Shareholders at the SGM, the use of HK$30 million out of approximately HK$36 million of net proceeds to repay part of the Revised Consideration is not acceptable. As such, we are of the view that the Rights Issue, Bonus Share Issue and Amendment of the Bye-laws are not fair and reasonable to the Company and Independent Shareholders.

Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders not to vote in favour of the proposed Transaction, but to vote in favour of the Rights Issue, Bonus Share Issue and the Amendment of the Bye-laws at the SGM provided that the Transaction is not approved by the Independent Shareholders at the SGM.

In the event that the Transaction is approved by the Independent Shareholders at the SGM, we advise the Independent Board Committee to recommend the Independent Shareholders not to vote in favour of the proposed Rights Issue, Bonus Share Issue and Amendment of the Bye-laws.

Yours faithfully,
For and on behalf of
Grand Vinco Capital Limited
Alister Chung
Managing Director

1. SHARE CAPITAL

The authorized and issued capital of the Company as at the Latest Practicable Date were, and immediately following the completion of the Rights Issue and Bonus Share Issue will be, as follows:

Authorised		*HK$*
1,000,000,000		**100,000,000**
Issued and fully paid		*HK$*
303,030,000	Shares in issue as at the Latest Practicable Date	30,303,000
303,030,000	Rights Shares to be issued pursuant to the Rights Issue	30,303,000
303,030,000	Bonus Shares to be issued pursuant to the Bonus Share Issue	30,303,000
909,090,000	Shares in issue upon completion of the Rights Issue and the Bonus Share Issue	**90,909,000**

All the Shares in issue, Rights Shares and Bonus Shares to be issued rank and will rank pari passu in all respects with each other including as regards to dividends, voting and return of capital.

As at the Latest Practicable Date, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for Shares.

The Shares are listed on the Stock Exchange. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

There are no arrangements under which future dividends will be waived or agreed to be waived.

No shares have been issued since 31 March 2007 being the end of the last financial year of the Company.

No share or loan capital of the Company or any member of the Group has been put under option or agreed conditionally or unconditionally to be put under option and no warrant, derivative or conversion right affecting the Shares has been issued or granted or agreed conditionally or unconditionally to be issued or granted.

2. SUMMARY OF THE FINANCIAL RESULT OF THE THREE YEARS ENDED 31 MARCH 2006

(A) AUDITED RESULTS

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

	Note	2006 *HK$'000*	2005 *HK$'000*	2004 *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

	Note	2006 HK$'000	2005 HK$'000	2004 HK$'000
Non-current assets				
Intangible assets	15	–	578	1,857
Fixed assets	16	410	389	2,213
Interests in subsidiaries	17	–	–	–
Investments in securities	18	–	330	330
Available-for-sale financial assets	19	–	–	–
		410	1,297	4,400
Current assets				
Inventories	20	–	99	246
Trade receivables	21	7,796	3,851	1,778
Prepayments, deposits and other receivables		1,431	777	827
Pledged deposits	29	–	5,570	5,556
Fixed deposits		1,300	–	–
Cash and bank balances		5,585	1,494	1,254
		16,112	11,791	9,661
Current liabilities				
Trade payables	22	2,425	1,333	1,268
Accruals and other payables		4,039	2,648	2,027
Receipts in advance		2,083	2,131	2,128
Amount due to a director	25	–	358	700
Current portion of long-term bank loan	23	229	520	485
Current potion of obligations under finance leases	24	108	–	25
Bank overdrafts, secured		–	5,826	4,193
Amount due to ultimate holding Company	25	1,313	–	–
Provision for taxation	9	833	–	–
		11,030	12,816	10,826
Net current assets/(liabilities)		5,082	(1,025)	(1,165)
Total assets less current liabilities		5,492	272	3,235

	Note	2006 *HK$'000*	2005 *HK$'000*	2004 *HK$'000*
Non-current liabilities				
Obligations under finance leases	24	(54)	–	–
Long-term bank loan	23	–	(228)	(747)
		(54)	(228)	(747)
NET ASSETS		5,438	44	2,488
Financed by:				
Share capital	26	25,303	25,006	25,006
Reserves	27	(19,865)	(24,962)	(22,518)
Shareholders' funds		5,438	44	2,488

(B) UNAUDITED RESULTS

The following is a summary of the unaudited consolidated income statement of the Group extracted from the related interim and quarterly reports of the Group.

		Nine months ended 31 December		Six months ended 30 September	
		2006	**2005**	**2006**	**2005**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	2	26,876	32,254	21,559	18,763
Material and equipment		(10,396)	(15,336)	(9,414)	(8,337)
Staff costs		(10,043)	(9,789)	(6,545)	(6,548)
Depreciation of property, plant and equipment		(158)	(221)	(114)	(155)
Amortisation of development expenditures		–	(578)	–	(578)
Other operating expenses	4	(8,300)	(3,038)	(2,942)	(1,637)
Operating profit/(loss)		(2,021)	3,292	2,544	1,508
Interest income		15	118	14	63
Interest expense		(15)	(252)	(11)	(162)
Profit/(Loss) before taxation		(2,021)	3,157	2,548	1,409
Taxation	3	(437)	–	(404)	–
Profit/(Loss) after taxation		(2,458)	3,157	2,144	1,409
Minority interests		–	–	–	–
Profit/(Loss) attributable to shareholders		(2,458)	3,157	2,144	1,409
Earning/(Loss) per share (HK cents)	5				
– Basic		(0.97)	1.26	0.85	0.56
– Diluted		N/A	1.25	N/A	0.56

(C) OTHER INFORMATION

(1) Marketing Agreement

The Company has been approached by Mr. Iong Io Hong of Imperator V.I.P. Club at Galaxy Casino in Macau to provide to the customers of the VIP Lounge promotion, rolling and settlement services ("Services"). The marketing agreement ("Marketing Agreement") was entered between the Company, through its subsidiary Cherry Oasis (Macau) Limited and Mr. Iong Io Hong on 14th July 2005. In consideration of the Services, the Company would receive a monthly management fee calculated at 1.18% of the total rolling turnover of the VIP Lounge and have to pay commission to junket representatives. No consideration is payable by the Company for acquiring the right to provide the Services. The following is a summary of revenue and expenses related to the Marketing Agreement extracted from the relevant annual, interim and quarterly reports of the Group:

	Nine months ended 31 December 2006	Six months ended 30 September 2006	Year ended 31 March 2006
	HK$'000	*HK$'000*	*HK$'000*
Turnover-marketing services in Macau	11,697	10,847	22,778
Commission expenses	8,055	7,479	15,837

(2) Acquisition of Right Gateway

Referring to the announcement dated 21 August 2006 and circular dated 31 October 2006 (the "Acquisition Circular") in relation to the acquisition of the entire issued share capital of Right Gateway for a total consideration of HK$230,200,000 ("Acquisition"), which constituted a major transaction for the Company under the GEM Listing Rules.

Right Gateway holds 70% interest in Right Idea, a company which has entered into the Profit 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 at the Waldo Casino at the Grand Waldo Hotel together with any other performance bonus received (if any) by Man Pou.

The Acquisition Circular was dispatched to the Shareholders on 31 October 2006 and the Shareholders approved the Acquisition in the special general meeting held on 16 November 2006. Consideration Shares (i.e. 50,000,000 ordinary shares of the Company) have been issued to the Vendors on 28 December 2006.

Referring to the announcement dated 4 June 2007, a supplemental agreement ("Supplemental Agreement") was entered into on 21 May 2007 to revise the consideration for the Acquisition from HK$230,200,000 to HK$89,877,000 due to the disappointing performance of Man Pou for the period from 1 January 2007 to 31 March 2007. The Supplemental Agreement constituted a major and connected transaction for the Company under the GEM Listing Rules and is subject to the approval of Independent Shareholders in the SGM to be held on 3 August 2007.

Save for the Acquisition, no other acquisition is carried out by the Group since 31 March 2006, the date to which the latest published audited financial statements of the Company were made up.

3. AUDITED CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Income Statement
For the year ended 31 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 31 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 31 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 1 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 31 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 31 March 2006	25,303	7,870	(341)	(68)	(27,326)	5,438
Reserves retained by:						
– Company and subsidiaries						
– At 31 March 2006	25,303	7,870	(341)	(68)	(27,326)	5,438
– At 31 March 2005	25,006	5,613	(341)	(59)	(30,175)	44

Consolidated Cash Flow Statement
For the year ended 31 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

31 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 31 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 1 January 2005.

Adoption of HKASs/HKFRSs

The Group has adopted the following HKASs issued in the financial statements for the year ended 31 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

2. IMPACT OF RECENTLY ISSUED FINANCIAL REPORTING STANDARDS (Continued)

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

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(c) Assets under leases (Continued)

(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.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(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.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

(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.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(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.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(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.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(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	2005
	HK$'000	*HK$'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

6. TURNOVER, REVENUE AND SEGMENT INFORMATION (Continued)

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

6. TURNOVER, REVENUE AND SEGMENT INFORMATION (Continued)

	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-salonin** *HK$'000*	**Marketing service Macau** *HK$'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

6. TURNOVER, REVENUE AND SEGMENT INFORMATION (Continued)

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**	
	Turnover	**Segment results**	**Turnover**	**Segment 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 31 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 31 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 1 December 2000.

The MPF Scheme was set up on 1 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 31 March 2006 and 31 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 31 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

14. **DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)**

(a) Directors' emoluments (Continued)

	For the year ended 31 March 2005			
	Fees *HK$'000*	**Salaries, allowances and benefits in kind** *HK$'000*	**Retirement contributions** *HK$'000*	**Total** *HK$'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 31 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 *HK$'000*	**2005** *HK$'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 *HK$'000*	Software *HK$'000*	Total *HK$'000*
Cost			
At 1 April 2005	8,268	1,300	9,568
Additions	–	–	–
At 31 March 2006	8,268	1,300	9,568
Accumulated amortisation and impairment			
At 1 April 2005	8,268	722	8,990
Amortisation charge for the year	–	217	217
Impairment for the year	–	361	361
At 31 March 2006	8,268	1,300	9,568
Net book value			
At 31 March 2006	–	–	–
At 31 March 2005	–	578	578

	Group		
	Development expenditures *HK$'000*	Software *HK$'000*	Total *HK$'000*
Cost			
At 1 April 2004	8,268	1,300	9,568
Additions	–	–	–
At 31 March 2005	8,268	1,300	9,568
Accumulated amortisation and impairment			
At 1 April 2004	7,422	289	7,711
Amortisation charge for the year	846	433	1,279
At 31 March 2005	8,268	722	8,990
Net book value			
At 31 March 2005	–	578	578
At 31 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 1 April 2005	–	489	1,088	2,371	457	4,405
Additions	–	–	10	295	–	305
At 31 March 2006	–	489	1,098	2,666	457	4,710
Accumulated depreciation						
At 1 April 2005	–	419	1,059	2,081	457	4,016
Depreciation charge for the year	–	70	16	198	–	284
At 31 March 2006	–	489	1,075	2,279	457	4,300
Net book value						
At 31 March 2006	–	–	23	387	–	410
At 31 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 1 April 2004	1,500	981	1,088	2,271	457	6,297
Additions	–	–	–	100	–	100
Disposals	(1,500)	(492)	–	–	–	(1,992)
At 31 March 2005	–	489	1,088	2,371	457	4,405
Accumulated depreciation						
At 1 April 2004	–	754	958	1,915	457	4,084
Depreciation charge for the year	–	157	101	166	–	424
Disposals	–	(492)	–	–	–	(492)
At 31 March 2005	–	419	1,059	2,081	457	4,016
Net book value						
At 31 March 2005	–	70	29	290	–	389
At 31 March 2004	1,500	227	130	356	–	2,213

As at 31 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$'000	Company 2005 HK$'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 31 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

17. INTERESTS IN SUBSIDIARIES (Continued)

Name	Place of incorporation and operation	Particulars of Issued share capital/ registered capital	Effective interest attributable to the Group	Principal Activities
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 1 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 1 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 1 April 2005 and 31 March 2006	1,000,000	100,000
Issued and fully paid:		
Ordinary shares of HK$0.1 each		
At 1 April 2005	250,060	25,006
Issue of shares *(Note)*	2,970	297
At 31 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 1 AUGUST 2000

Pursuant to the share option scheme (the "Old Scheme") adopted by the Company on 1 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 4 September 2000 to 3 September 2010 at an exercise price of HK$1.18.

26. SHARE CAPITAL (Continued)

(a) Share option scheme adopted on 1 August 2000 (Continued)

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

	2006	2005
At 1 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 25 July 2005 to 29 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 1 August 2000 and 18 August 2003 respectively, the outstanding options would be lapsed after 6 months of the change of control of the Company, which was 29 March 2006,

(b) Share option scheme adopted on 18 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 18 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 12 December 2003, 690,000 options and 1,332,000 options which were exercisable from 15 December 2003 to 13 June 2009 and from 14 June 2005 to 13 June 2009 respectively were granted under the New Scheme at an exercise price of HK$0.2.

On 18 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 1 April	1,114,000	1,950,000
Exercised	(970,000)	–
Lapsed	(144,000)	(836,000)
At 3l March	–	1,114,000
Representing:		
Executive directors	–	250,000
Chief executive	–	–
Full-time employees	–	864,000

26. SHARE CAPITAL (Continued)

(b) Share option scheme adopted on 18 August 2003 (Continued)

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 25 July 2005 to 29 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 1 August 2000 and 18 August 2003 respectively, the outstanding options would be lapsed after 6 months of the change of control of the Company, which was 29 March 2006,

27. RESERVES

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

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

At 31 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 31 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 31 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 31 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 31 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.

4. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX MONTHS ENDED 30 SEPTEMBER 2006

Condensed Consolidated Profit and Loss Account

		Unaudited			
		Six months ended 30 September		Three months ended 30 September	
		2006	2005	2006	2005
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	2	21,559	18,763	8,197	8,651
Material, equipment and sub-contracting charge		(9,414)	(8,337)	(2,523)	(3,314)
Staff costs		(6,545)	(6,548)	(3,249)	(3,321)
Depreciation of property, plant and equipment		(114)	(155)	(49)	(76)
Amortisation of development expenditures		–	(578)	–	(578)
Other operating expenses		(2,942)	(1,637)	(1,865)	(882)
Operating profit		2,544	1,508	511	480
Interest income		14	63	1	32
Interest expense		(11)	(162)	(4)	(90)
Profit before taxation		2,548	1,409	508	422
Taxation	3	(404)	–	(117)	–
Profit/(loss) after taxation		2,144	1,409	391	422
Minority interests		–	–	–	–
Profit attributable to shareholders		2,144	1,409	391	422
Earnings per share	4				
– Basic		HK0.85 cents	HK0.56 cents	HK0.15 cents	HK0.17 cents
– Diluted		N/A	HK0.56 cents	N/A	HK0.17 cents

Condensed Consolidated Balance Sheet

	Notes	Unaudited 30 September 2006 HK$'000	Audited 31 March 2006 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	6	445	410
		445	410
CURRENT ASSETS			
Trade receivables	7	3,743	7,796
Prepayments, deposits and other receivables		628	1,431
Cash and bank deposits		12,797	6,885
		17,168	16,112
CURRENT LIABILITIES			
Trade payables	8	1,851	2,425
Accruals and other payables		3,261	4,039
Receipts in advance		2,324	2,083
Current portion of obligations under finance leases		110	229
Current portion of secured long-term bank loan		–	108
Amount due to ultimate holding Company		1,249	1,313
Provision for taxation		1,237	833
		10,032	11,030
Net current assets/(liabilities)		7,136	5,082
Total assets less current liabilities		7,581	5,492
NON-CURRENT LIABILITIES			
Obligations under finance leases		–	(54)
Net assets		7,581	5,438
FINANCED BY			
Share capital		25,303	25,303
Reserves		(17,722)	(19,865)
		7,581	5,438

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2005

	Unaudited					
	Share capital	Share premium	Merger reserves	Cumulative translation adjustments	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2005	25,006	5,613	(341)	(59)	(30,175)	44
Issue of shares upon exercise of options	262	2,222	–	–	–	2,484
Profit for the period	–	–	–	–	1,409	1,409
At 30 September 2005	25,268	7,835	(341)	(59)	(28,766)	3,937

For the six months ended 30 September 2006

	Unaudited					
	Share capital	Share premium	Merger reserves	Cumulative translation adjustments	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2006	25,303	7,870	(341)	(68)	(27,326)	5,438
Profit for the period	–	–	–	–	2,144	2,144
At 30 September 2006	**25,303**	**7,870**	**(341)**	**(68)**	**(25,183)**	**7,581**

Condensed Consolidated Cash Flow Statement

	Unaudited	
	Six months ended 30 September	
	2006	**2005**
	HK$'000	*HK$'000*
Net cash inflow/(outflow) from operating activities	6,338	(1,124)
Net cash inflow/(outflow) from investing activities	(149)	1,708
Net cash inflow/(outflow) from financing activities	(277)	2,126
Increase in cash and cash equivalents	5,912	2,710
Cash and cash equivalents at the beginning of period	6,885	1,238
Cash and cash equivalents at the end of period	12,797	3,948
Analysis of balances of cash and cash equivalents:		
Cash and bank deposits	12,797	3,633
Pledged deposits	–	5,636
Bank overdrafts	–	(5,321)
	12,797	3,948

NOTES:

1. **BASIS OF PREPARATION**

The unaudited interim consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standards ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprises Market of The Stock Exchange of Hong Kong Limited.

The accounting policies used in preparing the Interim Financial Statements are consistent with those followed in the Group's annual financial statements for the year ended 31 March 2006 with the addition of certain standards and interpretations of Hong Kong Financial Reporting Standards ("HKFRS") issued and became effective in the current period as described below.

1.1 Impact of new and revised HKFRS which are effective in the current financial period

In the current period, the Group has applied, for the first time, of the following new and revised standards and interpretations of HKFRS relevant to its operations which are effective for accounting periods beginning on or after 1 January 2006:–

HKAS 19 (Amendment)	Actuarial gains and losses, group plans and disclosures
HKAS 21 (Amendment)	The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 (Amendment)	The Fair Value Option
HKAS 39 & HKFRS 4 (Amendment)	Financial Instruments: Recognition and Measurement and Insurance Contracts – Financial Guarantee Contracts
HKFRS 6	Exploration for and evaluation of mineral resources
HK(IFRIC) – Int 4	Determining whether an Arrangement contains a Lease
HK(IFRIC) – Int 5	Rights to Interests Arising from Decommissioning, restoration and environmental rehabilitation funds
HK(IFRIC) – Int 6	Liabilities arising from participating in a specific market – waste electrical and electronic equipment
HK(IFRIC) – Int 7	Applying the restatement approach under HKAS 29 Financial reporting in Hyperinflationary Economies

The adoption of the above standards and interpretations does not result in significant changes in the Group's accounting policies and has no significant financial effect on the Interim Financial Statements.

2.2 Impact of new and revised HKFRS which are issued but not yet effective

The following are standards and interpretations relevant to the operations of the Group which are issued but not yet effective in the current financial period:

HKAS 1 (Amendment)	Capital Disclosures[1]
HKFRS 7	Financial Instruments – Disclosures[1]
HK(IFRIC) – Int 8	Scope of HKFRS 2[2]
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives[3]

1 Effective for annual periods beginning on or after 1 January 2007
2 Effective for annual periods beginning on or after 1 May 2006
3 Effective for annual periods beginning on or after 1 June 2006

The Group had not early adopted the above standards and interpretations. The directors anticipate that the adoption of the above standards and interpretations will not result in significant changes in accounting policies of the Group or have significant financial impact on the Group's financial statements in the period of initial application.

The unaudited condensed consolidated interim accounts have been reviewed by the audit committee. The composition of the audit committee is discussed in subsequent section.

2. TURNOVER AND SEGMENT INFORMATION

The Group is organised into five major operating units: (i) development of customised software and sales of related computer equipment; (ii) sales and lease of packaged software; (iii) technical support and maintenance services; (iv) lease of property; and (v) Macau marketing services. An analysis of the Group's turnover and operating profit/(loss) by business segments is as follows:

	Six months ended 30 September 2006		Six months ended 30 September 2005	
	Turnover	Operating Profit	Turnover	Operating Profit
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Development of customised software and sales of related computer equipment	8,844	7,223	10,712	6,498
Sales and lease of packaged software	–	–	977	693
Technical support and maintenance services	1,868	1,554	1,978	1,652
Macau marketing services	10,847	3,368	5,096	1,585
	21,559	12,145	18,763	10,428
Unallocated corporate expenses		(9,602)		(8,920)
		2,543		1,508

The Group has business operations in Hong Kong, Macau, the People's Republic of China (the "PRC"). An analysis of the Group's turnover and operating profit/(loss) by geographical segments is as follows:

	Six months ended 30 September 2006		Six months ended 30 September 2005	
	Turnover	Operating profit/(loss)	Turnover	Operating profit/(loss)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	9,952	(421)	13,667	(77)
Macau	10,847	2,561	5,096	1,585
The PRC	760	403	–	–
	21,559	2,543	18,763	1,508

3. TAXATION

No provision for Hong Kong profits tax has been made in the accounts as the Group could utilize the tax loss carried forward for the assessable profit arising in Hong Kong for the six months ended 30 September 2006. No provision for income tax in PRC has been made. Provision for Macau profits tax is calculated at 12% of the estimated assessable profits.

4. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earning/(loss) per share are the following data:

	Unaudited			
	Six months ended 30 September 2006		Three months ended 30 September 2005	
	2006	2005	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Profit/(loss) for the period				
Profit/(loss) for calculating basic and diluted earnings/(loss) per share	2,144	1,409	389	422
Number of shares	*'000*	*'000*	*'000*	*'000*
Weighted average number of ordinary shares used in the calculation of basic earning/(loss) per share	253,030	250,795	253,030	251,328
Effect of dilutive potential ordinary share	–	331	–	341
Weighted average number of ordinary shares used in the calculation of diluted earning/(loss) per share	253,030	251,126	253,030	251,669

Diluted earnings per share is not presented for the six months and the three months ended 30 September 2006 as the Group had no potential ordinary shares as at the balance sheet date.

5. INTERIM DIVIDENDS

The directors do not recommend the payment of interim dividend for the half-yearly period (2005: Nil).

6. CAPITAL EXPENDITURE

	Unaudited Six months ended 30 September 2006 Property, plant and equipment *HK$'000*
Net book value as at 1 April 2006	410
Additions	149
Depreciation	(114)
Net book value as at 30 September 2006	445

7. TRADE RECEIVABLES

The ageing analysis of trade receivables is as follows:

	Unaudited 30 September 2006 *HK$'000*	Audited 31 March 2006 *HK$'000*
Within three months	1,741	6,878
Over three months but within six months	634	718
Over six months but within one year	1,368	128
Over one year	–	72
	3,743	7,796

The Group normally grants to its customers credit periods for sales of goods ranging from 0 to 14 days. Consideration 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 is payable pursuant to the terms of the respective contracts. The Group generally granted credit period of 2 months to customers in marketing service sector.

8. TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	Unaudited 30 September 2006 *HK$'000*	Audited 31 March 2006 *HK$'000*
Within three months	20	2,346
Over three months but within six months	89	29
Over six months but within one year	1,586	–
Over one year	156	50
	1,851	2,425

9. MOVEMENTS IN RESERVES

The movement in reserves for the six months ended 30 September 2006 is HK$2,144,000 (2005: HK$3,630,000).

10. POST BALANCE EVENTS

Major Transaction – Acquisition of Right Gateway

Referring to the announcement dated 21 August 2006 and circular dated 31 October 2006 (the "Circular") in relation to the acquisition of the entire issued share capital of Right Gateway Limited for a total consideration of HK$230,200,000, which constitute a major transaction for the Company under the GEM Listing Rules. Terms used herein shall have the same meanings as defined in the Circular unless defined otherwise.

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.

The Circular regarding the acquisition of Right Gateway Limited has been despatched to the shareholders on 31 October 2006 and the SGM is scheduled to be held at Pacific Place Conference Centre, Level 5, On Pacific Place, 88 Queensway, Hong Kong on 16 November 2006.

5. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR NINE MONTHS ENDED 31 DECEMBER 2006

		Nine months ended 31 December		Three months ended 31 December	
		2006	**2005**	**2006**	**2005**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	2	26,876	32,254	5,317	13,490
Material and equipment		(10,396)	(15,336)	(982)	(6,999)
Staff costs		(10,043)	(9,789)	(3,498)	(3,242)
Depreciation of property, plant and equipment		(158)	(221)	(44)	(65)
Amortisation of development expenditures		–	(578)	–	–
Other operating expenses	4	(8,300)	(3,038)	(5,358)	(1,400)
Operating profit/(loss)		(2,021)	3,292	(4,565)	1,784
Interest income		15	118	2	55
Interest expense		(15)	(252)	(4)	(92)
Profit/(Loss) before taxation		(2,021)	3,157	(4,567)	1,747
Taxation	3	(437)	–	(33)	–
Profit/(Loss) after taxation		(2,458)	3,157	(4,600)	1,747
Minority interests		–	–	–	–
Profit/(Loss) attributable to shareholders		(2,458)	3,157	(4,600)	1,747
Earning/(Loss) per share (HK cents)	5				
– Basic		(0.97)	1.26	(1.80)	0.69
– Diluted		N/A	1.25	N/A	0.69

Notes:

1. BASIS OF PREPARATION

The unaudited interim consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standards ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprises Market of The Stock Exchange of Hong Kong Limited.

The accounting policies used in preparing the Interim Financial Statements are consistent with those followed in the Group's annual financial statements for the year ended 31 March 2006 with the addition of certain standards and interpretations of Hong Kong Financial Reporting Standards ("HKFRS") issued and became effective in the current period as described below.

1.1 Impact of new and revised HKFRS which are effective in the current financial period

In the current period, the Group has applied, for the first time, of the following new and revised standards and interpretations of HKFRS relevant to its operations which are effective for accounting periods beginning on or after 1 January 2006:

HKAS 19 (Amendment)	Actuarial gains and losses, group plans and disclosures
HKAS 21 (Amendment)	The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 (Amendment)	The Fair Value Option
HKAS 39 & HKFRS 4 (Amendment)	Financial Instruments: Recognition and Measurement and Insurance Contracts – Financial Guarantee Contracts
HKFRS 6	Exploration for and evaluation of mineral resources
HK(IFRIC) – Int 4	Determining whether an Arrangement contains a Lease
HK(IFRIC) – Int 5	Rights to Interests Arising from Decommissioning, restoration and environmental rehabilitation funds
HK(IFRIC) – Int 6	Liabilities arising from participating in a specific market – waste electrical and electronic equipment
HK(IFRIC) – Int 7	Applying the restatement approach under HKAS 29 Financial reporting in Hyperinflationary Economies
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives

The adoption of the above standards and interpretations does not result in significant changes in the Group's accounting policies and has no significant financial effect on the Interim Financial Statements.

1.2 Impact of new and revised HKFRS which are issued but not yet effective

The following are standards and interpretations relevant to the operations of the Group which are issued but not yet effective in the current financial period:

HKAS 1 (Amendment)	Capital Disclosures[1]
HKFRS 7	Financial Instruments – Disclosures[1]

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

The Group had not early adopted the above standards and interpretations. The directors anticipate that the adoption of the above standards and interpretations will not result in significant changes in accounting policies of the Group or have significant financial impact on the Group's financial statements in the period of initial application.

The unaudited condensed consolidated interim accounts have been reviewed by the audit committee. The composition of the audit committee is discussed in subsequent section.

2. TURNOVER

An analysis of the Group's turnover is as follows:

	Nine months ended 31 December		Three months ended 31 December	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Macau marketing services	11,697	13,380	850	8,283
Development of customised software and sales of related computer equipment	12,681	14,341	3,837	3,629
Sales and lease of packaged software	–	977	–	–
Provision of technical support and maintenance services	2,498	3,556	630	1,578
	26,876	32,254	5,317	13,490

3. TAXATION

No provision for Hong Kong profits tax has been made in the accounts as the Group could utilize the tax loss carried forward for the assessable profit arising in Hong Kong for the nine months ended 31 December 2006. No provision for income tax in PRC has been made. Provision for Macau profits tax is calculated at 12% of the estimated assessable profits.

4. OTHER OPERATING EXPENSES

Other operating expenses include a provision of HK$5,000,000 for the possible compensation and costs for the early termination of the marketing agreement for the provision of rolling and settlement services in the Imperator V.I.P. Club (the "Marketing Agreement").

5. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earning/(loss) per share are the following data:

	Unaudited			
	Nine months ended 31 December		Three months ended 31 December	
	2006	**2005**	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Profit/(loss) for the period				
Profit/(loss) for calculating basic and diluted earnings/(loss) per share	(2,458)	3,157	(4,600)	1,747
Number of shares	*'000*	*'000*	*'000*	*'000*
Weighted average number of ordinary shares used in the calculation of basic earning/(loss) per share	253,760	251,425	255,228	252,684
Effect of dilutive potential ordinary share	–	312	–	255
Weighted average number of ordinary shares used in the calculation of diluted earning/(loss) per share	253,760	251,737	255,228	252,939

6. DIVIDEND

No dividend had been paid or declared by the Company during the period (2005: HK$Nil).

7. MOVEMENTS OF RESERVES

The only movement of reserves for the nine month ended 31st December 2006 is the loss for that period HK$2,458,000 (Movements of reserves in corresponding period in 2005 was the profit for that period HK$3,157,000).

6. BUSINESS REVIEW AND PROSPECTS

The principal activities of the Group comprise developing related business in the gaming and entertainment sectors, and providing IT consulting services in the Greater China Region. The gaming and entertainment business has contributed impressive growth in turnover for the Group since 2005. For the business outlook, the gaming business in Macau is still competitive and is facing uncertainty. However the Company believes the gaming and entertainment business will continue to grow and become the key profit centre by devoting more resources to undertake marketing and promotion campaigns, and exploring opportunities for acquisition or partnership in related business in Macau or other region in the South East Asia.

7. INDEBTEDNESS STATEMENT

At the close of the business on 31 May 2007, being the latest practicable date for the purpose of this indebtedness statement, the Group had total outstanding debts of approximately HK$2,623,000. These borrowings comprise amount due to ultimate holding company, obligations under finance leases, and other loan of HK$2,002,000, HK$121,000 and HK$500,000 respectively. All the borrowings are unsecured.

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

8. WORKING CAPITAL STATEMENT

The Directors are of the opinion that, taking into account the cash flows generated from the operating activities, the financial resources available to the Group, including internally generated funds, the available credit facilities and the estimated net proceeds from the Rights Issue, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this circular.

9. MATERIAL ADVERSE CHANGE STATEMENT

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

The following is the reproduction of the audited financial statements of Right Gateway Limited and its subsidiary ("Right Gateway Group") extracted from the auditor's report for the period from 23 June 2006 (date of incorporation) to 31 August 2006 on Right Gateway Group which was included in the circular of the Company dated 31 October 2006 in connection with the acquisition of 100% equity interest in Right Gateway.

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

31 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

	Note	**23/6/2006 to 31/8/2006** *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) REPRODUCTION OF THE UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP AS AT 31 MARCH 2006 WHICH WAS INCLUDED IN THE CIRCULAR OF THE COMPANY DATED 31 OCTOBER 2006.

The following is the reproduction of the pro forma financial information of the Group which was included in the circular of the Company dated 31 October 2006 in connection with the acquisition of 100% equity interest in Right Gateway.

1. 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.

2. 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

2. 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

For the Convertible Notes

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.

For the Call Options

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:

The Black-Scholes Option Pricing Model

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

20/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

(B) THE UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP BASED ON THE ASSUMPTION THAT (I) THE TRANSACTION; (II) THE RIGHTS ISSUE AND BONUS SHARE ISSUE; AND (III) THE AMENDMENT OF BYE-LAWS ARE APPROVED IN THE SGM

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

The accompanying unaudited pro forma statement of assets and liabilities of the Group is prepared to demonstrate the effect of (i) the Acquisition as if the Acquisition were completed on 31 March 2006 on the basis of the terms as amended under the Supplemental Agreement and (ii) the Rights Issue and the Bonus Share Issue as if the Rights Issue and the Bonus Share Issue were completed on 31 March 2006.

The accompanying unaudited pro forma statement of assets and liabilities of the Group is prepared based upon the pro forma consolidated balance sheet of the enlarged Group as set out in Appendix III of the circular dated 31 October 2006 of the Company (which was prepared based on the audited consolidated balance sheet of the Group as at 31 March 2006 and the audited balance sheet of Right Gateway as at 31 August 2006, to demonstrate the effect of the Company's then proposed acquisition of 100% equity interest in Right Gateway). A narrative description of the unaudited pro forma adjustments of the Transaction, together with the Rights Issue and Bonus Share Issue that are (i) directly attributable to the Transaction, Rights Issue and Bonus Share Issue; and (ii) factually supportable, are summarized in the accompanying notes.

The accompanying unaudited pro forma statement of assets and liabilities of the Group is based on the assumption that (i) the Transaction; (ii) the Rights Issue and Bonus Share Issue; and (iii) the Amendment of Bye-laws will be approved in the SGM and currently available information. As a result, the accompanying unaudited pro forma statement of assets and liabilities of the Group does not purport to describe the actual financial position of the Group that would have been attained had (i) the Transaction; and (ii) the Rights Issue and Bonus Share Issue been completed. The accompanying unaudited pro forma statement of assets and liabilities of the Group is prepared for illustrative purpose only and, because of its nature, may not give a true picture of the financial position of the Group.

2. UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP AT 31 MARCH 2006

The unaudited pro forma consolidated statement of assets and liabilities of the Group has been prepared based on the pro forma consolidated balance sheet of the Group as at 31 March 2006 as set out in Appendix III to the circular dated 31 October 2006 of the Company (which was prepared to demonstrate the effect of the Company's then proposed acquisition of 100% equity interests in Right Gateway) and reproduced in Part (A) of this Appendix III, after taking into account of the effects of the Transaction, the Rights Issue and the Bonus Share Issue, and has been presented as if the Transaction, the Rights Issue and the Bonus Share Issue had taken place on 31 March 2006.

	Audited consolidated balance sheet of the Group as at 31 March 2006	Audited consolidated balance sheet of Right Gateway as at 31 August 2006	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma consolidated balance sheet adjusted before the Transaction, Rights Issue and Bonus Share Issue	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma consolidated balance sheet adjusted after the Transaction, Rights Issue and Bonus Share Issue
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
			(note 1)	*(note 3)*	*(note 4)*		*(note 5)*	*(note 6)*	*(note 7)*	
Non-current assets										
Fixed assets	410	–				410				410
Interest in profit sharing agreement	–	–	140,495			140,495	(140,495)	63,377		63,377
	410	–				140,905				63,787
Current assets										
Trade receivables	7,796	–				7,796				7,796
Prepayments, deposits and other receivables	1,431	–				1,431				1,431
Fixed deposits	1,300	–				1,300				1,300
Cash and bank balances	5,585	–				5,585			6,000	11,585
	16,112	–				16,112				22,112
Current liabilities										
Consideration payable for interest in profit sharing agreement	–	–	98,339	(55,000)	(5,258)	38,081	(38,081)	34,877	(30,000)	4,877
Trade payables	2,425	–				2,425				2,425
Accruals and other payables	4,039	11				4,050				4,050
Receipts in advance	2,083	–				2,083				2,083
Current portion of long-term bank loan	229	–				229				229
Current potion of obligations under finance leases	108	–				108				108
Amount due to ultimate holding company	1,313	–				1,313				1,313
Provision for taxation	833	–				833				833
	11,030	11				49,122				15,918

	Audited consolidated balance sheet of the Group as at 31 March 2006	Audited consolidated balance sheet of Right Gateway as at 31 August 2006	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma consolidated balance sheet adjusted before the Transaction, Rights Issue and Bonus Share Issue	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma consolidated balance sheet adjusted after the Transaction, Rights Issue and Bonus Share Issue
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
			(note 1)	*(note 3)*	*(note 4)*		*(note 5)*	*(note 6)*	*(note 7)*	
Net current assets/(liabilities)	5,082	(11)				(33,010)				6,194
Total assets less current liabilties	4,492	(11)				107,895				69,981
Non-current liabilities										
Obligations under finance leases	(54)	–				(54)				(54)
NET ASSETS	5,438	(11)				107,841				69,927
Less: Intangible assets						(140,495)				(63,377)
NET TANGIBLE ASSETS (LIABILITIES)						(32,654)				6,550

	Unaudited pro forma adjusted consolidated net tangible assets per Share after the Transaction, Rights Issue and Bonus Share Issue *(Note 9)*
Based on 909,090,000 Shares in issue	HK0.72 cent

Notes:

(1) As set out in note (1) to Part (A) of this Appendix III on page 119 of this circular.

(2) As set out in note (2) to Part (A) of this Appendix III on page 120 of this circular.

(3) As set out in note (3) to Part (A) of this Appendix III on page 120 of this circular.

(4) As set out in note (4) to Part (A) of this Appendix III on page 121 of this circular.

(5) This pro forma adjustment is to reflect that if the Transaction is approved by Independent Shareholders at the SGM, all sums payable by the Company in respect of the Initial Consideration and Call Option will be cancelled.

(6) This pro forma adjustment is to account for the acquisition of 100% equity interest in Right Gateway assuming the Supplemental Agreement was approved and took effect as of 31 March 2006, and using the purchase method. Accordingly, the purchase price is taken to be HK$63,377,000, comprising:

(i) HK$34,877,000 payable in cash (as to HK$30 million in cash within 30 days after the Effective Date, and as to the balance HK$4,877,000 in cash on or before the second anniversary of the Effective Date),

(ii) HK$28,500,000 representing the aggregate market value of the 50,000,000 Shares ("Consideration Shares") issued on 28 December 2006, based on the closing price of HK$0.57 of the Shares as quoted on the Stock Exchange on 28 December 2006.

(7) 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 purpose.

(8) The audited pro forma statement of assets and liabilities of the Group at 31 March 2006 is prepared under the assumption that none of the HK$4,877,000 cash consideration had been paid by the Company.

(9) The calculation of the unaudited pro forma consolidated net tangible assets per Share is based on 909,090,000 Shares which comprise 253,030,000 Shares in issue as of 31 March 2006 adjusted for 50,000,000 Shares issued in connection with the Acquisition, 303,030,000 Rights Shares and 303,030,000 Bonus Shares to be issued.

3. REPORT ON UNAUITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES

GC Alliance Limited
Certified Public Accountants
正立會計師事務所有限公司

ACCOUNTANT'S REPORT ON PRO FORMA FINANCIAL INFORMATION

To the directors of Long Success International (Holdings) Limited

We report on the unaudited pro forma statement of assets and liabilities and adjusted consolidated net tangible assets (liabilities) ("Pro Forma Financial Information") of Long Success International (Holdings) Limited (the "Company") and its subsidiaries (collectively the "Group") and Right Gateway Limited ("Right Gateway"), which has been prepared by the directors of the Company (the "Directors") for illustrative purposes only, to provide information about how (i) the acquisition of 100% equity interest in Right Gateway pursuant to the terms of the supplemental agreement dated 21 May 2007 between the Company, Mr. Sin Tim Iao, Ms. Chen Anfeng and Man Pou Gambling Promotion Company Limited; (ii) the proposed issue of 303,030,000 new shares ("Rights Shares") by way of rights issue of one Rights Share for every existing share held on 3 August 2007 at the subscription price of HK$0.13 per Rights Share; and (iii) the proposed issue of 303,030,000 new shares ("Bonus Shares") by way of bonus issue of one Bonus Share for every Rights Share ("Bonus Issue"), might have affected the financial information presented, for inclusion in Part (B) of Appendix III to the Company's circular dated 28 June 2007 (the "Circular"). The basis of preparation of the Pro Forma Financial Information is set out on pages 126 to 127 of the Circular.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND REPORTING ACCOUNTANTS

It is the responsibility solely of the Directors to prepare the unaudited Pro Forma Financial Information in accordance with Rule 7.31(1) of Chapter 7 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 (AG) 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by Rule 7.31(1) of Chapter 7 of the GEM Rules, on the unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited Pro Forma Financial Information 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 engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements (HKSIR) 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Directors. This engagement did not involve independent examination of any of the underlying financial information.

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 Pro Forma Financial Information has been properly compiled by the Directors 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 Financial Information as disclosed pursuant to Rule 7.31(1) of Chapter 7 of the GEM Rules.

The unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the Directors, and, because of its hypothetical nature, 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 as at 31 March 2006 or any future date.

OPINION

In our opinion:

a. the unaudited Pro Forma Financial Information has been properly compiled by the Directors 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 Financial Information as disclosed pursuant to Rule 7.31(1) of Chapter 7 of the GEM Rules.

GC Alliance Limited
Certified Public Accountants
Suites 2406-7, 24th Floor, Man Yee Building
68 Des Voeux Road Central
Hong Kong

28 June 2007

Pang Fung Ming
Practising Certificate number P03124

(C) UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP BASED ON THE ASSUMPTION THAT THE TRANSACTION IS NOT APPROVED IN THE SGM; BUT (I) THE RIGHTS ISSUE AND BONUS SHARE ISSUE; AND (II) THE AMENDMENT OF BYE-LAWS ARE APPROVED IN THE SGM

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

The accompanying unaudited pro forma statement of assets and liabilities of the Group is prepared to demonstrate the effect of the Rights Issue and the Bonus Share Issue as if the Rights Issue and the Bonus Share Issue were completed on 31 March 2006.

The accompanying unaudited pro forma statement of assets and liabilities of the Group is prepared based upon the pro forma consolidated balance sheet of the enlarged Group as set out in Appendix III of the circular dated 31 October 2006 of the Company (which was prepared based on the audited consolidated balance sheet of the Group as at 31 March 2006 and the audited balance sheet of Right Gateway as at 31 August 2006, to demonstrate the effect of the Company's then proposed acquisition of 100% equity interest in Right Gateway). A narrative description of the unaudited pro forma adjustments of the Rights Issue and Bonus Share Issue that are (i) directly attributable to the Rights Issue and Bonus Share Issue; and (ii) factually supportable, are summarized in the accompanying notes.

The accompanying unaudited pro forma statement of assets and liabilities of the Group is based on the assumption that (i) the Rights Issue and Bonus Share Issue and the Amendment of Bye-laws are approved in the SGM and (ii) the Transaction is not approved in the SGM; and accordingly the funds raised from the Rights Issue will be used as the general working capital of the Group and currently available information. As a result, the accompanying unaudited pro forma statement of assets and liabilities of the Group does not purport to describe the actual financial position of the Group that would have been attained had the Rights Issue and Bonus Share Issue been completed. The accompanying unaudited pro forma statement of assets and liabilities of the Group is prepared for illustrative purpose only and, because of its nature, may not give a true picture of the financial position of the Group.

2. UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP AT 31 MARCH 2006

The unaudited pro forma consolidated statement of assets and liabilities of the Group has been prepared based on the pro forma consolidated balance sheet of the Group as at 31 March 2006 as set out in Appendix III to the circular dated 31 October 2006 of the Company (which was prepared to demonstrate the effect of the Company's then proposed acquisition of 100% equity interests in Right Gateway) and reproduced in Part (A) of this Appendix III, after taking into account of the effects of the Rights Issue and the Bonus Share Issue, and has been presented as if the Rights Issue and the Bonus Share Issue had taken place on 31 March 2006.

	Audited consolidated balance sheet of the Group as at 31 March 2006	Audited consolidated balance sheet of Right Gateway as at 31 August 2006	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma consolidated balance sheet adjusted before Rights Issue and Bonus Share Issue	Pro forma adjustment	Unaudited pro forma consolidated balance sheet adjusted after Rights Issue and Bonus Share Issue
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
			(note 1)	*(note 3)*	*(note 4)*		*(note 5)*	
Non-current assets								
Fixed assets	410	–				410		410
Interest in profit sharing agreement	–	–	140,495			140,495		149,495
	410	–				140,905		140,905
Current assets								
Trade receivables	7,796	–				7,796		7,796
Prepayments, deposits and other receivables	1,431	–				1,431		1,431
Fixed deposits	1,300	–				1,300		1,300
Cash and bank balances	5,585	–				5,585	36,000	41,585
	16,112	–				16,112		52,112
Current liabilities								
Consideration payable for interest in profit sharing agreement	–	–	98,339	(55,000)	(5,258)	38,081		38,081
Trade payables	2,425	–				2,425		2,425
Accruals and other payables	4,039	11				4,050		4,050
Receipts in advance	2,083	–				2,083		2,083
Current portion of long-term bank loan	229	–				229		229
Current potion of obligations under finance leases	108	–				108		108
Amount due to ultimate holding company	1,313	–				1,313		1,313
Provision for taxation	833	–				833		833
	11,030	11				49,122		49,122

	Audited consolidated balance sheet of the Group as at 31 March 2006	Audited consolidated balance sheet of Right Gateway as at 31 August 2006	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma consolidated balance sheet adjusted before Rights Issue and Bonus Share Issue	Pro forma adjustment	Unaudited pro forma consolidated balance sheet adjusted after Rights Issue and Bonus Share Issue
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
			(note 1)	*(note 3)*	*(note 4)*		*(note 5)*	
Net current assets/(liabilities)	5,082	(11)				(33,010)		2,990
Total assets less current liabilties	4,492	(11)				107,895		143,895
Non-current liabilities								
Obligations under finance leases	(54)	–				(54)		(54)
NET ASSETS	5,438	(11)				107,841		143,841
Less: Intangible assets						(140,495)		(140,495)
NET TANGIBLE ASSETS (LIABILITIES)						(32,654)		3,346

	Unaudited pro forma adjusted consolidated net tangible assets per Share after the Rights Issue and Bonus Share Issue *(Note 6)*
Based on 909,090,000 Shares	HK0.37 cent

Notes:

(1) As set out in note (1) to Part (A) of this Appendix III on page 119 of this Circular.

(2) As set out in note (2) to Part (A) of this Appendix III on page 120 of this Circular.

(3) As set out in note (3) to Part (A) of this Appendix III on page 120 of this Circular.

(4) As set out in note (4) to Part (A) of this Appendix III on page 121 of this Circular.

(5) 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 general working capital purposes and to strengthen the marketing campaign for the Group if the Transaction is not approved at the SGM.

(6) The calculation of the unaudited pro forma consolidated net tangible assets per Share is based on 909,090,000 Shares which comprise 253,030,000 Shares in issue as of 31 March 2006 adjusted for 50,000,000 Shares issued in connection with the Acquisition, 303,030,000 Rights Shares and 303,030,000 Bonus Shares to be issued.

3. REPORT ON THE UNAUDITED PRO-FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP

GC Alliance Limited
Certified Public Accountants
正立會計師事務所有限公司

ACCOUNTANT'S REPORT ON PRO FORMA FINANCIAL INFORMATION

To the directors of Long Success International (Holdings) Limited

We report on the unaudited pro forma statement of assets and liabilities and adjusted consolidated net tangible assets (liabilities) ("Pro Forma Financial Information") of Long Success International (Holdings) Limited (the "Company") and its subsidiaries (collectively the "Group") and Right Gateway Limited ("Right Gateway"), which has been prepared by the directors of the Company (the "Directors") for illustrative purposes only, to provide information about how (i) the proposed issue of 303,030,000 new shares ("Rights Shares") by way of rights issue of one Rights Share for every existing share held on 3 August 2007 at the subscription price of HK$0.13 per Rights Share; and (ii) the proposed issue of 303,030,000 new shares ("Bonus Shares") by way of bonus issue of one Bonus Share for every Rights Share ("Bonus Issue"), might have affected the financial information presented, for inclusion in Part (B) of Appendix III to the Company's circular dated 28 June 2007 (the "Circular"). The basis of preparation of the Pro Forma Financial Information is set out on page 132 of the Circular.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND REPORTING ACCOUNTANTS

It is the responsibility solely of the Directors to prepare the unaudited Pro Forma Financial Information in accordance with Rule 7.31(1) of Chapter 7 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 (AG) 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by Rule 7.31(1) of Chapter 7 of the GEM Rules, on the unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited Pro Forma Financial Information 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 engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements (HKSIR) 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Directors. This engagement did not involve independent examination of any of the underlying financial information.

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 Pro Forma Financial Information has been properly compiled by the Directors 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 Financial Information as disclosed pursuant to Rule 7.31(1) of Chapter 7 of the GEM Rules.

The unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the Directors, and, because of its hypothetical nature, 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 as at 31 March 2006 or any future date.

OPINION

In our opinion:

a. the unaudited Pro Forma Financial Information has been properly compiled by the Directors 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 Financial Information as disclosed pursuant to Rule 7.31(1) of Chapter 7 of the GEM Rules.

GC Alliance Limited
Certified Public Accountants
Suites 2406-7, 24th Floor, Man Yee Building
68 Des Voeux Road Central
Hong Kong
28 June 2007

Pang Fung Ming
Practising Certificate number P03124

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 the Company. 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 the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company 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 the Company 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	Corporate interest *(Note 1)*	205,000,000	67.66%
Lai Cho Wai	Personal interest *(Note 2)*	44,000,000	14.52%

Note:

1. As at the Latest Practicable Date, Wide Fine International Limited ("Wide Fine") is the beneficial owner of 102,500,000 Shares. Pursuant to the Undertakings, Wide Fine undertook to subscribe for 102,500,000 Shares under the Rights Issue. As at the Latest Practicable Date, Mr. Wong was the sole beneficial owner of Wide Fine, and was deemed to be interested in Shares held by Wide Fine.

2. As at the Latest Practicable Date, Mr. Lai has a personal interest in 22,000,000 Shares. Pursuant to the Undertakings, Mr. Lai undertook to subscribe for 22,000,000 Shares under the Rights Issue.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company 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 the Company and the Stock Exchange.

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

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to the Directors or chief executive of the Company , the following persons (other than a Director or chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying shares which would fall to be disclosed to the Company 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 *(Note 3)*	205,000,000	67.66%
Lai Pak Leng *(Note 4)*	46,000,000	15.18%
Lai Cho Wai *(Note 5)*	44,000,000	14.52%
Chen Anfeng *(Note 6)*	50,000,000	16.50%
Sin Tim Iao *(Note 7)*	30,000,000	9.90%

Note:

3. As at the Latest Practicable Date, Wide Fine International Limited ("Wide Fine") is the beneficial owner of 102,500,000 Shares. Pursuant to the Undertakings, Wide Fine undertook to subscribe for 102,500,000 Shares under the Rights Issue.

4. As at the Latest Practicable Date, Lai Pak Leng is the beneficial owner of 23,000,000 Shares. Pursuant to the Undertakings, Lai Pak Leng undertook to subscribe for 23,000,000 Shares.

5. As at the Latest Practicable Date, Lai Cho Wai is the beneficial owner of 22,000,000 Shares. Pursuant to the Undertakings, Lai Cho Wai undertook to subscribe for 22,000,000 Shares under the Rights Issue.

6. As at the Latest Practicable Date, Chen Anfeng is the beneficial owner of 25,000,000 Shares. Pursuant to the Undertakings, Chen Anfeng undertook to subscribe for 25,000,000 Shares under the Rights Issue.

7. As at the Latest Practicable Date, Sin Tim Iao is the beneficial owner of 15,000,000 Shares. Pursuant to the Undertakings, Sin Tim Lao undertook to subscribe for 15,000,000 Shares under the Rights Issue.

These interests are in addition to those disclosed above in respect of the directors and chief executive. Save as disclosed above, no other person was recorded in the register pursuant to Part XV of the SFO as having an interest in 5 per cent or more of the issued share capital of the Company as at the Latest Practicable Date.

4. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE AND THE BONUS SHARE ISSUE

Registered office	Canon Court 22 Victoria Street Hamilton HK12 Bermuda
Head office and principal place of business	1309, West Tower, Shun Tak Centre 168-200 Connaught Road Central Hong Kong
Company secretary and qualified accountant	Hui Yat Lam Associate member of the Hong Kong Institute of Certified Public Accountants Fellow member of Association of Chartered Certified Accountants
Compliance Officer	Wong Kam Leong *Chairman of the Company*
Authorized representatives	Wong Kam Leong Hui Yat Lam
Auditors	GC Alliance Limited Suites 2406-7, 24/F Man Yee Building 68 Des Voeux Road Central Hong Kong
Principal share registrar in Bermuda	Reid Management Limited Argyle House, 41A Cedar Avenue Hamilton HM12, Bermuda
Branch share registrar in Hong Kong	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17/F, Hopewell Centre 183 Queen's Road East, Hong Kong
Principal banker	Hang Seng Bank Limited 83 Des Voeux Road Central Hong Kong
Legal advisers to the Company	*As to Hong Kong law:* David Lo & Partners Suite 2502, 9 Queen's Road Central, Central, Hong Kong. *As to Bermuda law:* Appleby 5511, The Center 99 Queen's Road Central Central, Hong Kong

5. 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).

6. INTERESTS IN CONTRACT OR ARRANGEMENT

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

7. 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 Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2006 being the date to which the latest published audited accounts of the Group were made up.

8. COMPETING INTERESTS

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

9. 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.

10. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Wong Kam Leong

Mr. Wong Kam Leong, aged 43, is the chairman of the Company. Mr. Wong he has been the chairman and legal representative of a PRC electric appliance company, Zhongshan Weili Electronics Appliances Group Limited (中山威力電器集團有限公司). He has over 10 years experience in sales and marketing and property trading and development in the Mainland China. Mr. Wong is responsible for the overall strategic planning, direction and business development of the Company. Mr. Wong Kam Leong is the controlling shareholder of the Company and his business address is Alameda Dr. Carlos D'assumpcao No. 181-187 Fl 10 Flg "A" Ed. Kong Fai Commercial Centre, Macau.

Mr Lai Cho Wai

Mr Lai Cho Wai, aged 38 is the deputy chairman of the Company. Mr. Lai is the executive manager of the JADE VIP Lounge in the Jai Alai Casino in Macau since 1996. Mr Lai is also the director of Macau Street E-Tech & Advertising Limited and the director of Rock & Roll Amusement Development Incorporation Limited since 2000. He has vast experience in the gaming industry, in particular, in relation to the management of VIP lounges in casinos, formulating policies of VIP lounges and analysing monthly business statements of VIP lounges. Mr Lai's business address is Alameda Dr. Carlos D'assumpcao No. 181-187 Fl 10 Flg "A" Ed. Kong Fai Commercial Centre, Macau.

Mr. Ma Chon

Mr. Ma Chon, aged 49, has been appointed as an executive director of the Company since 28 November 2005. Mr. Ma was also the marketing manager of the LEROY VIP Lounge in the Lisboa Casino in Macau. He has vast experience in the gaming industry in Macau, in particular, in relation to the management of VIP lounges in casinos, formulating marketing policies of VIP lounges. Mr. Ma's business address is Alameda Dr. Carlos D'assumpcao No. 181-187 Fl 10 Flg "A" Ed. Kong Fai Commercial Centre, Macau.

Non-executive Directors

Mr. Ng Kwok Chu, Winfield

An independent non-executive Director and a member of audit committee of the Company, aged 48, Mr. Ng was appointed by the Company on 3 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 in depth knowledge in cross-border market and financing operation. Mr. Ng's business address is Room 1302-03, 13/F, Connaught Commercial Building, 185 Wanchai Road, Wanchai, Hong Kong.

Mr. Ng 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 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. He is entitled to an annual emolument of HK$50,000 as an independent non-executive Director which is based on the Director's experience, responsibility, workload and time devoted to the Company and its subsidiaries. Mr. Ng is subject to retirement by rotation and re-election pursuant to the byelaws of the Company.

Mr. Ng Chau Tung, Robert

An independent non-executive Director and a member of audit committee of the Company, aged 51, Mr. Ng was appointed by the Company on 3 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 an independent non-executive committee member of the Finance House Association and the Hong Kong Deposit Taking Company Association. Mr. Ng's business address is 19/F, On Hong Commercial Building, 145 Hennessy Road, Wanchai, Hong Kong.

Mr. Ng 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 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. He is entitled to an annual emolument of HK$50,000 after being appointed as an independent non-executive Director which is based on the Director's experience, responsibility, workload and time devoted to the Company and its subsidiaries. Mr. Ng is subject to retirement by rotation and re-election pursuant to the byelaws of the Company.

Mr. Ieong Meng Wa

An independent non-executive Director and a member of audit committee of the Company, aged 47, Mr. Ieong was appointed by the Company on 7 April 2006. Mr. Ieong is a director of a number 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's business address is Rua Pedro Coutino, 31, Fl 07, Ed. Kou Nga Gdn, Macau.

Mr. Ieong 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 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. He is entitled to an annual emolument of HK$50,000 as an independent non-executive Director of the Company which is based on the Director's experience, responsibility, workload and time devoted to the Company and its subsidiaries. Mr. Ieong is subject to retirement by rotation and re-election pursuant to the byelaws of the Company.

11. AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with the requirements as set out in Rules 5.28 and 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and to provide supervision over the financial reporting process and internal control system of the Group. The audit committee comprises the three independent non-executive directors, Mr. Ng Kwok Chu, Winfield, Mr. Ng Chau Tung, Robert, Mr. Ieong Meng Wa whose further details are stated above.

12. EXPERTS AND CONSENT

The qualifications of the experts who have given opinion in this circular are as follows:

GC	Certified Public Accountants
Vinco	a licensed corporation to conduct types 1 and 6 regulated activities registered under the Securities and Futures Ordinance.

As at the Latest Practicable Date, GC and Vinco have no shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group and has no direct or indirect interest in any assets acquired or disposed of by or leased to any member of the Group since 31 March 2006, being the date to which the latest published audited accounts of the Company were made up.

Each of GC and Vinco has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the reference to its name in the form and context in which they appear.

13. MATERIAL CONTRACTS

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

1. the marketing agreement dated 14 July 2005 ("the Marketing Agreement") entered into between Cherry Oasis (Macau) Limited, a wholly owned subsidiary of the Company and Mr. Iong Io Hong whereby Cherry Oasis (Macau) Limited was appointed as the exclusive service provider of promotion, rolling and settlement service for customers of the Imperator V.I.P. Club at Galaxy Casino in Macau. No consideration is payable by the Company for acquiring the right to provide the services.

2. The Acquisition Agreement

3. The Profit Agreement

4. The Supplemental Agreement

5. The Underwriting Agreement

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of the Company at 1309, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong during normal business hours up to and including 3 August 2007, being the date of the SGM:

1. the Memorandum of Association and the Bye-laws of the Company;

2. the annual reports of the Company for the three years ended 31 March 2004, 31 March 2005, 31 March 2006;

3. the material contracts referred to in the paragraph headed “Material Contracts” in this Appendix;

4. the written consents referred to in the paragraph headed “Consents” in this Appendix;

5. the letter of advice from Vinco, the text of which is reproduced in the section headed “Letter from the Independent Financial Adviser” to this circular;

6. the report from CCIF CPA Limited dated 31 October 2006 on the unaudited pro forma statement of assets and liabilities of the Group, the text of which is reproduced on pages 122 to 123 of this circular;

7. the two reports from GC Alliance Limited both dated 28 June 2007 on the unaudited pro forma statement of assets and liabilities and adjusted consolidated net tangible assets of the Group, the text of which is reproduced at pages 128 to 129 and pages 133 to 134 of this circular; and

8. circulars of the Company dated 31 October 2006 and 27 July 2006.

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 a special general meeting of the abovementioned company ("the Company") will be held at Pacific Place Conference Centre, 5/F. One Pacific Place, 88 Queensway, Hong Kong on Friday, 3 August 2007 at 3:00 p.m. for the purpose of considering and, if thought fit, passing the following resolutions:

ORDINARY RESOLUTION

1. "**THAT** the supplemental agreement ("the Supplemental Agreement") entered into between the Company with Man Pou Gambling Promotion Company Limited, Mr. Sin Tim Iao and Ms. Chen Anfeng dated 21st May 2007 (a copy of which has been produced to this meeting marked "A" and initialed by the chairman of the meeting for identification) be and is hereby approved and that the directors of the Company ("the Directors") be and are hereby authorized to do such acts and things and execute such documents which in their opinion may be necessary, desirable or expedient to carry out or give effect to the transactions relating to the Supplemental Agreement."

SPECIAL RESOLUTION

2. "**THAT** the Bye-Laws of the Company be and are hereby amended by deleting the existing Bye-Law 140(A) in its entirety and substituting therefor the following new Bye-Law 140(A):-

   "140.(A) The Company in general meeting may, upon the recommendation of the Board, resolve to capitalise any part of the Company's reserves (including any contributed surplus account and also including any share premium account or other undistributable reserve, but subject to the provisions of the law with regard to unrealised profits) or undivided profits not required for the payment or provision of the dividend on any shares with a preferential right to dividend, and accordingly that such part be sub-divided amongst the shareholders in such proportion(s) as may be approved by the Board, whether pro-rata to all shareholders or otherwise, on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such shareholders respectively or paying up in full unissued shares or debentures or other securities of the Company to be allotted and distributed credited as fully paid to and amongst such shareholders in such proportion as may be approved by the Board as aforesaid, or partly in one way and partly in the other provided that for the purpose of this Bye-Law, any amount standing to the credit of any share premium account may only be applied in the paying up of unissued shares to be issued to shareholders of the Company as fully paid bonus shares and provided further that any sum standing to the credit of the share premium account may only be applied in crediting as fully paid shares of the same class as that from which the relevant share premium was derived.""

* *For identification purpose only*

ORDINARY RESOLUTION

3. "**THAT**, conditional upon (1) the passing of Resolution Number 2 as set out in this notice; (2) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Bonus Shares (as defined in Resolution Number 4 as set out in this notice); and (3) the Underwriting Agreement not being terminated in accordance with its terms:,

   (i) the Directors be and are hereby authorized to apply an amount of not more than HK$30,303,000 standing in the credit of the contributed surplus account to credit the Bonus Shares to be allotted and issued pursuant to the Bonus Share Issue (as defined in Resolution Number 4 as set out in this Notice) as fully paid up Shares in the capital of the Company; and

   (ii) the Directors be and are hereby authorized to make such other exclusions or other arrangements in relation to the Excluded Shareholders (as defined in Resolution Number 4 in this notice) as they may deem necessary or expedient and generally to do such things or make such arrangements as they may think fit to give effect to the Bonus Share Issue. "

4. "**THAT**, subject to and conditional upon (1) the passing of Resolution Number 3 as set out in this notice, (2) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Rights Shares (as defined below) in their nil-paid and fully-paid forms; (3) the filing and registration of all relevant documents with the Registrars of Companies in Hong Kong and Bermuda, (4) shareholders of the Company, being Wide Fine International Limited, the Vendors, Mr. Lai Pak Leng and Mr. Lai Cho Wai, who have entered into undertakings in favour of the Company to accept or procure the acceptance of the full entitlement of 187,500,000 Rights Share by them under the Rights Issue (as defined below), taking up and paying for the Rights Shares pursuant to the undertakings they have given, (5) the underwriting agreement dated 23rd May 2007 made between Sun Hung Kai International Limited and the Company ("the Underwriting Agreement"), a copy of which has been produced to the meeting marked "B" and signed by the chairman of the meeting for the purpose of identification, becoming unconditional and not being terminated in accordance with its terms, being fulfilled:

   (i) the issue by way of rights issue ("the Rights Issue") of 303,030,000 new share(s) of HK$0.10 each in the capital of the Company ("the Rights Share(s)") and by way of bonus issue ("the Bonus Share Issue") 303,030,000 new share(s) of HK$0.10 each in the capital of the Company credited as fully paid ("the Bonus Share(s)") to those shareholders whose names appear on the register of members of the Company at the close of business on 3 August 2007 ("the Record Date") ("the Qualifying Shareholders"), other than the Excluded Shareholders (as defined in circular dated 28 June 2007 ("the Circular") and dispatched to the shareholders of the Company containing the notice convening this meeting, a copy of which has been produced to the meeting marked "C" and signed by the chairman of the meeting for the purpose of identification), in the proportion of one Rights Share for every one Share of the

Company held on the Record Date at the subscription price of HK$0.13 per Rights Share and one Bonus Share for every fully paid Rights Share and on the terms and conditions as set out in the Circular, be and is hereby approved, and the Directors be and are hereby authorized to allot and issue the Rights Shares and Bonus Shares pursuant to or in connection with the Rights Issue and Bonus Share Issue notwithstanding that (a) no Rights Shares shall be offered or provisionally allotted or issued to the Excluded Shareholders and the Rights Shares which would otherwise have been offered to them be sold in the market as soon as practicable after dealings in nil-paid Rights Shares commence if a premium (net of expenses) can be obtained and the net proceeds of sale, after deduction of expenses, shall be distributed to the Excluded Shareholders pro rata to their respective shareholdings unless the amount falling to be distributed to any Excluded Shareholder shall be less than HK$100 in which case such amount shall be retained for the benefit of the Company; and (b) to the extent that the Rights Shares referred to in (a) above are not sold as aforesaid, such Rights Shares together with any Rights Shares provisionally allotted but not accepted or otherwise subscribed for by transferees of nil-paid Rights Shares shall be offered for application under forms of application for excess Rights Shares; and

(ii) the Directors be and are hereby authorized to make such other exclusions or other arrangements in relation to the Excluded Shareholders as they may deem necessary or expedient and generally to do such things or make such arrangements as they may think fit to give effect to the Rights Issue. “

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

28 June 2007

Registered office
Canon Court
22 Victoria Street
Hamilton HK12
Bermuda

Head office and principal place of business
1309, West Tower,
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

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 1309. West Tower, Shun Tak Centre, 168-200 Connaught Road Central, 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 executive Directors are Mr. Wong Kam Leong, 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.