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.

Subject to the granting of listing of, and permission to deal in, the Offer Shares and Bonus Shares on the Stock Exchange, the Offer Shares and Bonus Shares will be accepted as eligible securities by HKSCC (as defined herein) for deposit, clearance and settlement in CCASS (as defined herein) with effect from the commencement date of dealings in the Offer Shares and Bonus Shares or such other date as may be 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. You should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

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

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, 4 January 2008. **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)

CAPITAL REORGANISATION, BONUS WARRANT ISSUE, OPEN OFFER AND BONUS SHARE ISSUE, DISCLOSEABLE TRANSACTION, AND REFRESHMENT OF EXISTING MANDATES

Financial Adviser

ACCESS CAPITAL

Independent financial adviser to the Independent Board Committee and Independent Shareholders

VINCO 滙高

Grand Vinco Capital Limited

Underwriters to Open Offer and Bonus Share Issue

新鴻基金融集團 SUN HUNG KAI FINANCIAL

Guotai Junan Capital Limited

Existing Shares will be dealt on an ex-entitlements basis from Thursday, 27 December 2007. If the Underwriters terminate the Underwriting Agreement, or the conditions of the the Open Offer and Bonus Share Issue are not fulfilled, the Open Offer and Bonus Share Issue will not proceed. Any Shareholders or other persons contemplating selling or purchasing Shares up to the date when the conditions of the Open Offer and Bonus Share Issue are fulfilled (which is expected to be Monday, 4 January 2008) will accordingly bear the risk that the Open Offer and Bonus Share 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 2:30 p.m. on Friday, 4 January 2008 is set out on pages 122 to 127 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 page 34 of this circular. The letter of the Independent Board Committee is set out on pages 35 to 47 of this circular.

It should be noted that the Underwriting Agreement contains provisions entitling the Underwriters, **to terminate the Underwriting Agreement, if prior to 4:00 p.m. on the Settlement Date (as defined in the Underwriting Agreement), which is expected to be 28 January 2008, if in the reasonable opinion of the Underwriters:** (i) the occurrence of the following events would materially prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable for the Underwriters to proceed with the Open Offer: (a) the introduction of any new law or regulation or any material change in existing law or regulation or any material change in the judicial interpretation or application thereof by any court or other competent authority; or (b) the occurrence of any local, national or international event, development or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date hereof) of a political, military, financial, regulatory or economic nature (whether or not ejusdem generis with any of the foregoing) resulting in a material adverse change in, or which might reasonably be expected to result in a material adverse change in, securities market conditions; or (c) the imposition of any moratorium, suspension or material restriction on trading in securities generally or the Company's securities on the Stock Exchange (i) occurring due to exceptional financial circumstances; or (ii) for a period of more than ten consecutive business days (as defined in the Underwriting Agreement) (excluding any suspension in connection with the clearance of this announcement or the Prospectus Documents or other announcement or circular in connection with the Open Offer); or (d) any material adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction on trading in securities) occurs; (ii) the Underwriters shall receive notification pursuant to the Underwriting Agreement of, or shall otherwise become aware of, the fact that any of the representations or warranties contained in the Underwriting Agreement was, when given, untrue or inaccurate in any material respect or would be untrue or inaccurate in any material respect if repeated as provided in the Underwriting Agreement and the Underwriters shall in their reasonable opinion determine that any such untrue representation or warranty is likely to have a materially prejudicial effect on the Open Offer; or (iii) any material change occurs in the circumstances of the Company or any member of the Group which would materially and adversely affect the prospects, business, financial or trading position of the Group taken as a whole including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any major member of the Group or the destruction of any material asset of the Group; or (iv) the Company commits any breach of or omits to observe any of the material obligations or undertakings expressed to be assumed by it under the Underwriting Agreement in any material respect which breach or omission would have a material and adverse effect on the prospects, business, financial or trading position of the Group taken as a whole; or (v) the occurrence of any event, or series of events, beyond the control of the Underwriters (including, without limitation, acts of government, strike, lock-outs, fire, explosion, flooding, civil commotion, acts of war, acts of terrorism, or acts of God) which in their reasonable opinion has or would have the effect of materially and adversely affecting the Open Offer. If the Underwriters terminate the Underwriting Agreement, the Open Offer, and hence the Bonus Share Issue, will not proceed.

* *For identification purpose only*

28 November 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:

"Acceptance Date"	24 January 2008 or such other date as the Underwriters may agree in writing with the Company as the last date for acceptance of, and payment of, the Offer Shares;
"Adjusted Shares"	ordinary share(s) of nominal value of HK$0.01 each in the capital of the Company immediately following completion of the Capital Reorganisation;
"AGM"	the annual general meeting of the Company held on 3 August 2007;
"Announcement"	the announcement of the Company dated 7 November 2007 in relation to the Capital Reorganisation, Bonus Warrant Issue, Open Offer and Bonus Share Issue, JV Subscription and Refreshment of Existing Mandates;
"Application Form(s)"	the application form(s) for use by the Qualifying Shareholders to apply for the Offer Shares;
"Bonus Share(s)"	the bonus Share(s) to be issued under the Bonus Share Issue;
"Bonus Share Issue"	the bonus share issue made by the Company in conjunction with the Open Offer;
"Bonus Warrant Issue"	bonus issue of Warrants by the Company to all Qualifying Shareholders whose names appear on the register of members of the Company on the Record Date, on the basis of two (2) Warrants for every ten (10) Existing Shares held on the Record Date;
"Bye-Laws"	the bye-laws of the Company;
"Capital Reduction"	the proposed reduction of the nominal value of each of the issued Existing Shares from HK$0.10 to HK$0.01 by cancelling the paid-up capital to the extent of HK$0.09 per issued Existing Share;
"Capital Reorganisation"	the capital reorganisation of the Company as described under the section "Capital Reorganisation" which includes the Capital Reduction in this circular;
"Company"	Long Success International (Holdings) Limited, an exempted company incorporated in Bermuda, the shares of which are listed on the GEM;
"Director(s)"	director(s) of the Company;

"EAF(s)"	the forms of application for use by the Qualifying Shareholders to apply for excess Offer Shares;
"Excluded Shareholder(s)"	Shareholder(s) whose address(es) (as shown in the register of members of the Company on the Record Date) are not in Hong Kong and to whom the Directors are of the view that it would be necessary or expedient to exclude from the Open Offer on account either of the legal restrictions under the laws of the places of his/ her/ their registered address(es) or the requirements of the relevant regulatory body or stock exchange in that place;
"Existing Issue Mandate"	the general mandate granted to the Directors by the Shareholders at the AGM to, inter alia, allot, issue and deal with securities of the Company not exceeding 20% of the then issued share capital of the Company as at the date of the AGM;
"Existing Repurchase Mandate"	the general mandate granted to the Directors by the Shareholders at the AGM to, inter alia, repurchase Shares up to a maximum of 10% of the then issued share capital of the Company as at the date of the AGM;
"Existing Mandates"	collectively, the Existing Issue Mandate and the Existing Repurchase Mandate;
"Existing Share(s)"	existing ordinary share(s) of HK$0.1 each in the capital of the Company;
"GEM Listing Rules"	the Rules Governing the Listing of Securities on the GEM;
"GEM"	the Growth Enterprise Market of the Stock Exchange;
"Group"	the Company and its subsidiaries;
"Independent Shareholders"	the Shareholders other than Wide Fine International Limited and its associates;
"Independent Board Committee"	an independent board committee of the board of directors of the company comprising the independent non-executive directors, namely Ng Kwok Chu, Winfield, Mr. Ng Chau Tung, Robert and Mr. Leung Kar Loon, Stanley;
"Instrument"	the deed poll to be executed by the Company creating the Warrants;
"Joint Venture"	Success Finance Limited, a company incorporated in Hong Kong with limited liability;

"JV Subscription"	the subscription of 49,500,000 shares of HK$1 each of the Joint Venture by the Group;
"JV Subscription Agreement"	the agreement dated 29 October 2007 entered into by Cherry Oasis (Far East) Limited, Cheung Tze Lin, Aston, Wong Wai Man, Raymond and the Joint Venture in relation to the JV Subscription;
"Last Trading Day"	23 October 2007, being the last trading day of the Shares on the Stock Exchange prior to the publication of the Announcement;
"Latest Practicable Date"	26 November 2007, being the latest practicable date for ascertaining certain information for inclusion in this circular;
"Money Lenders Licence"	money lenders license licensed by the licensing court pursuant to the Money Lenders Ordinance (Cap. 163 of the Laws of Hong Kong);
"New Issue Mandate"	the general mandate proposed to be granted to the Directors by the Shareholders at the SGM to, inter alia, allot, issue and deal with securities of the Company not exceeding 20% of the issued share capital of the Company as at the date of such meeting;
"New Repurchase Mandate"	the general mandate proposed to be granted to the Directors by the Shareholders at the SGM to, repurchase Shares up to a maximum of 10% of the issued share capital of the Company as at the date of such meeting;
"New Mandates"	collectively, the New Issue Mandate and New Repurchase Mandate;
"Offer Share(s)"	the new Share(s) proposed to be offered to the Qualifying Shareholders for subscription pursuant to the Open Offer;
"Offer Price"	HK$0.11 per Offer Share;
"Open Offer"	proposed issue of Offer Shares to the Qualifying Shareholders on the basis of one Offer Share for every one Share held on the Record Date on the terms to be set out in the Prospectus Documents and summarized herein;
"Overseas Shareholder(s)"	Shareholder(s) whose address(es) as shown on the register of members of the Company at the close of business on the Record Date is/are outside Hong Kong;
"Posting Date"	the date of registration and posting of Prospectus Documents, which is expected to be 10 January 2008;

"Prospectus"	the prospectus containing details of the Open Offer and the Bonus Share Issue;
"Prospectus Documents"	the Prospectus, the Application Form and the EAF;
"Qualifying Shareholders"	the Shareholders whose names appear on the register of members of the Company on the Record Date and whose addresses, as shown on the register of members of the Company, are in Hong Kong or any territories (other than those Shareholders where the Directors, based on the legal opinions provided by the legal advisers to the relevant jurisdictions, considers it necessary or expedient to exclude from the Open Offer on account either of the legal restrictions under the laws of the place of his/her/its/their registered address(es) or the requirements of the relevant regulatory body or stock exchange in that place);
"Record Date"	the record date for the purpose of ascertaining the entitlements of Shareholders to the Bonus Warrant Issue, the Open Offer and Bonus Share Issue;
"Refreshment of Existing Mandates"	the proposed Refreshment of Issue Mandate and Refreshment of Repurchase Mandate;
"Refreshment of Issue Mandate"	the proposed refreshment of the Existing Issue Mandate into the New Issue Mandate;
"Refreshment of Repurchase Mandate"	the proposed refreshment of the Existing Repurchase Mandate into the New Repurchase Mandate;
"Rights Issue"	the rights issue and bonus share issue made by the Company as announced on 4 June 2007 and completed on 28 August 2007;
"Settlement Date"	the second 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) after the Acceptance Date or such other date as the Underwriters may agree in writing with the Company, expected to be 28 January 2008;
"SGM"	the special general meeting of the Company to be convened on 4 January 2008 to approve, inter alia, the Capital Reorganisation, the Bonus Warrant Issue, the Open Offer and Bonus Share Issue, and the Refreshment of Existing Mandates;
"Shareholder(s)"	holder(s) of Shares;
"Share(s)"	Existing Share(s) or Adjusted Share(s) (as the case may be);

"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Subscription Rights"	the subscription right(s) attaching to the Warrant(s);
"Underwriters"	Sun Hung Kai International Limited and Guotai Junan Securities (Hong Kong) Limited;
"Underwriting Agreement"	the underwriting agreement dated 23 October 2007 entered into by the Underwriters and the Company of which the Underwriters agreed to underwrite the Offer Shares; and
"Warrant(s)"	warrant(s) to be issued by the Company to subscribe for new Adjusted Shares at the initial exercise price of HK$0.055 per new Adjusted Share, subject to adjustment, at any time from the date of the issue of the Warrants and end on the date of anniversary thereof (both dates inclusive).

EXPECTED TIMETABLE

The expected timetable for the Bonus Warrant Issue, Open Offer and Bonus Share Issue is set out below:

	2007
Despatch of the SGM circular and SGM notice	28 November
Last day of dealings in Shares cum entitlements to the Bonus Warrant Issue, Open Offer and Bonus Share Issue	24 December
First day of dealings in Shares ex-entitlements to the Bonus Warrant Issue, Open Offer and Bonus Share Issue	27 December
Latest time for lodging forms of transfer to ensure entitlement to the Bonus Warrant Issue, Open Offer and Bonus Share Issue	4:00 p.m. on 28 December
Register of members closes	31 December
	2008
Record Date	4 January
SGM	4 January
Register of members reopens	7 January
Capital Reorganisation becomes effective	7 January
Posting of Prospectus Documents	10 January
Last day for acceptance of the Open Offer	4:00 p.m. on 24 January
Last day for terminating the Underwriting Agreement	28 January
Certificates for the Warrants, Offer Shares and Bonus Shares posted	31 January
Dealings in the Warrants, Offer Shares and Bonus Shares expected to commence	4 February

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

The expected timetable for the Bonus Warrant Issue, Open Offer and Bonus Share Issue is for indicative purposes only and it has been prepared on the assumption that all the conditions of the Bonus Warrant Issue, Open Offer 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:

The Underwriters may terminate the Underwriting Agreement, if prior to 4:00 p.m. on the Settlement Date (as defined in the Underwriting Agreement), which is expected to be 28 January 2008, if in the reasonable opinion of the Underwriters:

(i) the occurrence of the following events would materially prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable for the Underwriters to proceed with the Open Offer:

(a) the introduction of any new law or regulation or any material change in existing law or regulation or any material change in the judicial interpretation or application thereof by any court or other competent authority; or

(b) the occurrence of any local, national or international event, development or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date hereof) of a political, military, financial, regulatory or economic nature (whether or not ejusdem generis with any of the foregoing) resulting in a material adverse change in, or which might reasonably be expected to result in a material adverse change in, securities market conditions; or

(c) the imposition of any moratorium, suspension or material restriction on trading in securities generally or the Company's securities on the Stock Exchange (i) occurring due to exceptional financial circumstances; or (ii) for a period of more than ten consecutive business days (as defined in the Underwriting Agreement) (excluding any suspension in connection with the clearance of this announcement or the Prospectus Documents or other announcement or circular in connection with the Open Offer); or

(d) any material adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction on trading in securities) occurs;

(ii) the Underwriters shall receive notification pursuant to the Underwriting Agreement of, or shall otherwise become aware of, the fact that any of the representations or warranties contained in the Underwriting Agreement was, when given, untrue or inaccurate in any material respect or would be untrue or inaccurate in any material respect if repeated as provided in the Underwriting Agreement and the Underwriters shall in their reasonable opinion determine that any such untrue representation or warranty is likely to have a materially prejudicial effect on the Open Offer; or

(iii) any material change occurs in the circumstances of the Company or any member of the Group which would materially and adversely affect the prospects, business, financial or trading position of the Group taken as a whole including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any major member of the Group or the destruction of any material asset of the Group; or

(iv) the Company commits any breach of or omits to observe any of the material obligations or undertakings expressed to be assumed by it under the Underwriting Agreement in any material respect which breach or omission would have a material and adverse effect on the prospects, business, financial or trading position of the Group taken as a whole; or

(v) the occurrence of any event, or series of events, beyond the control of the Underwriters (including, without limitation, acts of government, strike, lock-outs, fire, explosion, flooding, civil commotion, acts of war, acts of terrorism, or acts of God) which in their reasonable opinion has or would have the effect of materially and adversely affecting the Open Offer.

If the Underwriters terminate the Underwriting Agreement, the Open Offer, and hence the Bonus Share Issue, will not proceed.

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. Hui Siu Lun
Ms. Li Jie Yi

Independent non-executive Directors:
Mr. Ng Kwok Chu, Winfield
Mr. Ng Chau Tung, Robert
Mr. Leung Kar Loon, Stanley

Registered Office:
Canon Court
22 Victoria Street
Hamilton HK12
Bermuda

Head Office and principal Place of Business:
Unit 910, 9/F.
China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

28 November 2007

To the Shareholders

Dear Sir or Madam,

CAPITAL REORGANISATION,
BONUS WARRANT ISSUE,
OPEN OFFER AND BONUS SHARE ISSUE,
DISCLOSEABLE TRANSACTION, AND
REFRESHMENT OF EXISTING MANDATES

I. INTRODUCTION

The Board announced on 7 November 2007 that the Directors proposed (i) the Capital Reorganisation; (ii) the Bonus Issue; (iii) the Open Offer and Bonus Share Issue; (iv) the JV Subscription; and (v) the Refreshment of Existing Mandates.

* *For identification purpose only*

Under the GEM Listing Rules, the Open Offer would require the approval by Shareholders with the controlling Shareholder, Wide Fine International Limited and its associates abstain from voting. As the Open Offer and Bonus Share Issue are inter-conditional upon each other, Wide Fine International Limited and its associates will abstain from voting in the resolutions regarding the approval of the Open Offer as well as the Bonus Share Issue at the SGM.

The Independent Board Committee has been established to consider Open Offer and Bonus Share Issue. It comprises the three independent non-executive Directors, namely Mr. Ng Kwok Chu, Winfield, Mr. Leung Kar Loon, Stanley and Mr. Ng Chau Tung, Robert. The Independent Board Committee will advise the Independent Shareholders on the Open Offer and Bonus Share Issue. Grand Vinco Capital Limited has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the Open Offer and Bonus Share Issue 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 information on the, among others, (i) Capital Reorganisation, (ii) Bonus Warrant Issue; (iii) Open Offer and Bonus Share Issue; (iv) JV Subscription; and (v) Refreshment of Existing Mandates.

I. CAPITAL REORGANISATION

1. Capital Reduction

The Capital Reduction involves the reduction of the nominal value of each of the issued Existing Shares from HK$0.10 to HK$0.01 by cancelling the paid-up capital to the extent of HK$0.09 per issued Existing Share and the credit arising therefrom will be transferred to the contributed surplus account of the Company and the Directors will be authorised to, upon such transfer, apply such credit to set off against the accumulated losses of the Company.

2. Subdivision of unissued Authorised Share Capital

Upon the Capital Reduction becoming effective, each Existing Share in the authorised but unissued share capital of the Company will be subdivided into 10 Adjusted Shares of HK$0.01 each.

3. Effects of the Capital Reorganisation

As at the Latest Practicable Date, the authorised share capital of the Company amounts to HK$100 million comprising 1,000 million Existing Shares, of which 909,090,000 Existing Shares have been allotted and issued as fully paid or credited as fully paid. Upon the Capital Reorganisation becoming effective and on the basis that the Company does not allot and issue any further Existing Shares prior thereto, the authorised share capital of the Company will comprise of HK$100 million divided into 10,000 million Adjusted Shares of HK$0.01 each of which 909,090,000 Adjusted Shares will be in issue. Pursuant to the Capital Reduction, the issued share capital of the Company will be reduced by

HK$81,818,100 to HK$9,090,900. The Adjusted Shares will rank pari passu in all respects with each other. The Adjusted Shares will be traded in the existing board lot size of 4,000 shares. The following table shows the effects on the share capital of the Company under the Capital Reorganisation:

	As at the Latest Practicable Date	**Immediately after the Capital Reorganisation becoming effective**
Authorised Share Capital	HK$100,000,000	HK$100,000,000
Issued Share Capital		
No. of issued shares	909,090,000 Existing Shares of HK$0.1 each	909,090,000 Adjusted Shares of HK$0.01 each
Amount of issued share capital	HK$90,909,000	HK$9,090,900
Unissued Share Capital		
No. of unissued Shares	90,910,000 Existing Shares of HK$0.1 each	9,090,910,000 Adjusted Shares of HK$0.01 each
Amount of unissued share capital	HK$9,091,000	HK$90,909,100

On the basis of 909,090,000 Existing Shares in issue, a credit of approximately HK$81,818,100 will arise from the Capital Reduction. Such amount will be transferred to the contributed surplus account of the Company upon implementation of the Capital Reorganisation. Part of the contributed surplus of the Company will be applied to set off against the accumulated losses of the Company, which amounted to approximately HK$37,715,000 as at 31 March 2007. Based on the above, all accumulated losses of the Company will be set off in full following completion of the Capital Reorganisation.

Other than the expenses to be incurred in relation to the Capital Reorganisation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the interests or rights of the Shareholders.

4. Application for listing and share certificates

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Adjusted Shares in issue and to be issued upon the Capital Reorganisation taking effect.

All share certificates for the Existing Shares will continue to be accepted as valid documents of title in respect of the same number of Adjusted Shares for trading, settlement and registration purposes after the Capital Reorganisation becoming unconditional and effective. Accordingly, there will not be any arrangement for free exchange of existing share certificates of the Existing Shares for new share certificates for the Adjusted Shares. Shareholders who wish to exchange the share certificates will be charged at their own expenses.

5. Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional on:

(i) the passing by the Shareholders of a special resolution to approve the Capital Reorganisation at the SGM;

(ii) compliance with the relevant legal procedures and requirements under Bermuda law to effect the Capital Reorganisation; and

(iii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Adjusted Shares in issue and to be issued.

Subject to the fulfillment of the conditions of the Capital Reorganisation, the effective date of the Capital Reorganisation is expected to be on or about 7 January 2008, being the next 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) following the date of the SGM.

6. Reasons for the Capital Reorganisation

The Company had an audited accumulated losses of approximately HK$37,715,000 as at 31 March 2007. Upon completion of the Capital Reorganisation, a credit of aggregate of approximately HK$81,818,000 will be transferred to the contributed surplus account of the Company, in accordance with the Bye-Laws and all applicable laws, to set off against the accumulated losses of the Company.

The Directors believe that the implementation of the Capital Reorganisation will (i) better reflect the performance of the Group's current gaming and entertainment business in Macau and therefore provide a clearer picture thereof to the Shareholders and potential investors; and (ii) allow the Company to pay dividends in the future.

Accordingly, the Directors are of the view that the proposed Capital Reorganisation is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

7. Exchange of Share Certificates

Subject to the Capital Reorganisation becoming effective, Shareholders may submit certificates for the Existing Shares to the branch share registrar of the Company, for exchange, at the own expense, for certificates for the Adjusted Shares. Certificates for the Existing Shares will be accepted for exchange only on payment of a fee of HK$2.50 (or such higher amount as may from time to time be allowed by the Stock Exchange) for each new certificate issued for the Adjusted Shares. Nevertheless, certificates for the Existing Shares will continue to be good evidence of legal title for all purposes including trading, settlement and registration and may be exchanged for certificates for the Adjusted Shares at any time at the expense of the Shareholders.

II. THE BONUS WARRANT ISSUE

The Directors propose, subject to the satisfaction of the conditions below, to make the Bonus Warrant Issue to its Shareholders whose names appear on the register of members of the Company on the Record Date on the basis of two (2) Warrants for every ten (10) Existing Shares held.

1. Exercise Price

The Warrants will be issued in registered form and each Warrant will entitle the holder thereto to subscribe in cash for one Adjusted Share at an initial exercise price of HK$0.055, subject to customary anti-dilutive adjustments in market transactions of this type in certain events, including, among other things, share consolidations, share subdivisions, capitalisation issues, capital distributions, rights issues, and further issues of shares or convertible securities with conversion price less than the then market price, (details of which is set out in the Section headed "2. Adjustments of Subscription Price" in Appendix III to this circular), at any time during the period which is expected to commence on date of the issue of the Warrants (which is expected to be 31 January 2008) and end on the date of anniversary (which is expected to be 30 January 2009) thereof (both dates inclusive).

The initial exercise price of HK$0.055 represents

(i) a discount of approximately 88.7% to the closing price of HK$0.485 per share quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a discount of approximately 82.0% to the closing price of HK$0.305 per Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a discount of approximately 81.2% to the average closing price of approximately HK$0.292 per Share as quoted on the Stock Exchange for the five trading days ended on the Last Trading Day; and

(iv) a discount of approximately 81.7% to the average closing price of approximately HK$0.300 per Share as quoted on the Stock Exchange for the ten trading days ended on the Last Trading Day;

(v) a discount of approximately 60.1% to the theoretical ex-entitlement price of the Open Offer and Bonus Shares Issue of approximately HK$0.138 based on the closing price of HK$0.305 per Share as quoted on the Stock Exchange on the Last Trading Day without considering the effect of any exercise of the Warrants; and

(vi) a discount of approximately 58.6% to the theoretical ex-entitlement price of the Open Offer and Bonus Shares Issue of approximately HK$0.133 based on the closing price of HK$0.305 per Share as quoted on the Stock Exchange on the Last Trading Day assuming the Warrants are exercised at the date of issue.

The initial exercise price was set at a discount to all the reference prices described above with a view to benefit the existing Shareholders without utilizing the Company's own cash flow. As the Warrants will be issued on a pro-rata basis to the Shareholders on the Record Date and the Bonus Warrant Issue is not conditional on the Open Offer and the Bonus Share Issue, all the existing Shareholders will be treated equally under the Bonus Warrant Issue. The existing Shareholders will get the Warrants but have to accept an immediate deterioration in value of each Share when the Warrants are exercised.

The Company will make an announcement if there is any adjustment on the initial exercise price of the Warrants and the adjustment will be certified by Company's auditor or by a merchant bank.

2. Shares to be issued upon Exercise of the Warrants

On the basis of 909,090,000 Existing Shares in issue as at the Latest Practicable Date, and assuming no further Existing Shares will be issued or repurchased by the Company on or before the Record Date, 181,818,000 Warrants would be issued pursuant to the Bonus Warrant Issue. Full exercise of the Subscription Rights attaching to the 181,818,000 Warrants at the initial exercise price of HK$0.055 per Adjusted Share would result in the issue of a total of 181,818,000 new Adjusted Shares, representing approximately 20% of the issued share capital of the Company as at the Latest Practicable Date and approximately 16.67% of the issued share capital of the Company as at the Latest Practicable Date as enlarged by the issue of such new Adjusted Shares, and the receipt by the Company of subscription moneys totalling approximately HK$9,999,990.

As at the Latest Practicable Date, the Company does not have any equity securities which remain to be issued on exercise of any other subscription rights as described in Rule 21.02(1) of the GEM Listing Rules. Therefore, if the Warrants are exercised immediately following their issue, such exercise will not exceed 20% of the issued equity capital of the Company at the time such Warrants are issued.

3. Subscription Period

The Warrant may be exercised at any time from the date of issue (which is expected to be 31 January 2008) to the expiry date (which is expected to be 30 January 2009).

4. Fractional Entitlements

Fractional entitlements to the Warrants (if any) will not be issued to the Shareholders but will be aggregated and sold for the benefit of the Company. The net proceeds of sale will be retained for the benefit of the Company.

5. Overseas Shareholders

In determining whether it would be necessary or expedient to exclude an Overseas Shareholder who is registered as a member of the Company on the Record Date, the Directors will make enquiry pursuant to Rule 17.41(1) of the GEM Listing Rules with legal advisers of the place in which such Overseas Shareholder is residing on the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange of the relevant place. If the Directors are of the view that, after such enquiry, the exclusion of such Overseas Shareholder (if any) is 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, the Warrants will not be granted to such Overseas Shareholder(s). Results of the legal enquiry on the entitlement of any Overseas Shareholder will be included in further announcement of the Company.

The Company will make such appropriate disclosures as soon as practicable. In view of the above, Warrants which would otherwise be issued to such Overseas Shareholder(s) under the Bonus Warrant Issue will be sold in the market as soon as possible if a premium, net of expenses, can be obtained. Any net proceeds of sale, after deduction of expenses, will be distributed in Hong Kong dollars to such Overseas Shareholder. Remittances thereof will be posted to him/her/it, at his/her/its own risk, unless the amount falling to be distributed to such person is less than HK$100, in which case the net proceeds will be retained for the benefit of the Company.

6. Conditions to the Bonus Warrant Issue

The Bonus Warrant Issue will be conditional upon the following conditions:

(i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Warrants and any Adjusted Shares which may fall to be issued upon the exercise of the Subscription Rights;

(ii) the passing by the Shareholders at the SGM of the necessary resolutions to approve the issue of the Warrants and any Adjusted Shares which may fall to be issued upon the exercise of the Subscription Rights and any transactions contemplated thereunder; and

(iii) the Capital Reorganisation becoming effective.

7. Reasons for the Bonus Warrant Issue

The Group is principally engaged in sales of customized software and related computer equipment, provision of technical support and maintenance services in the Greater China Region, and related business in the gaming and entertainment business in Macau. The Directors believe that the Bonus Warrant Issue will provide the Shareholders with an opportunity to participate in the growth of the Company. The Bonus Warrant Issue will also strengthen the equity base of the Company and increase the Company's working capital if and when the Subscription Rights are exercised.

The Company intends to apply any subscription moneys received as and when Subscription Rights are exercised towards the general working capital of the Group or for such other purposes as the Directors deem necessary, taking into consideration the requirements of the Company prevailing at the relevant time.

Save for the Rights Issue, the Company did not raise any other funds by issue of equity securities during the 12 months immediately preceding the date of the Announcement.

8. Listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrants and the new Adjusted Shares falling to be issued upon exercise of the Subscription Rights. The new Adjusted Shares falling to be issued upon exercise of the Subscription Rights will rank pari passu in all respect with the then existing issued Shares.

9. Certificates for the Warrants and Board Lot

Subject to the satisfaction of the conditions to the Bonus Warrant Issue, it is expected that certificates for the Warrants will be posted on or before 31 January 2008 at the risk of the Shareholders entitled thereto to their respective addresses shown on the register of members of the Company.

Dealings in the Warrants are expected to commence on the Stock Exchange on 4 February 2008.

The Warrants are expected to be traded on the Stock Exchange in board lots of 40,000 Warrants carrying rights to subscribe for 40,000 Shares at the initial exercise price of HK$0.055 per Adjusted Share (subject to adjustment).

10. Closure of Register of Members

The register of members of the Company will be closed from 31 December 2007 to 4 January 2008 (both days inclusive) in order to establish entitlements of the Shareholders to the Bonus Warrant Issue.

The last day for dealing in Shares cum entitlements to the Bonus Warrant Issue will be 24 December 2007. In order to qualify for the Bonus Warrant Issue, all outstanding transfers of Shares should be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Service Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 28 December 2007.

III. OPEN OFFER AND BONUS SHARE ISSUE

The Board further proposes to raise approximately HK$99,999,900 before expenses by way of an open offer of 909,090,000 Offer Shares at a price of HK$0.11 per Offer Share on the basis of one Offer Share for every Existing Share held on the Record Date. In conjunction with the issue of the Offer Shares, the registered holders of fully-paid Offer Shares will be issued one Bonus Share for every Offer Share successfully subscribed by the Qualifying Shareholders.

1. Terms

Issue statistics:

Basis of Open Offer	one Offer Share for every Existing Share held on the Record Date
Existing issued share capital	909,090,000 Existing Shares
Number of Offer Shares	909,090,000 Adjusted Shares
Enlarged issued share capital upon completion of the Open Offer	1,818,180,000 Adjusted Shares

Offer Price	HK$0.11 for each Offer Share
No. of Bonus Shares	909,090,000 Adjusted Shares
Enlarged issued share capital upon completion of Bonus Share Issue	2,727,270,000 Adjusted 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.

As the proposed Open Offer would increase the issued share capital of the Company by more than 50%, the Open Offer should be made conditional on approval by Shareholders in general meeting on which any controlling shareholders and their associates shall abstain from voting in favour. As at the Latest Practicable Date, Wide Fine International Limited and its associates are interested in approximately 33.83% of the existing issued capital of the Company and therefore should be abstain from voting in favour. According to Rule 17.47(6)(b) of the GEM Listing Rules, Grand Vinco Capital Limited has been appointed as the independent financial adviser to make recommendations to the Independent Board Committee and the Independent Shareholders as to whether the terms of the Open Offer are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

Qualifying Shareholders:

The Company will send the Prospectus Documents to Qualifying Shareholders only. To qualify for the Open Offer, 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 Open Offer and the Bonus Share 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 Open Offer and the Bonus Share Issue only if the Directors, 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 Offer Shares to such Overseas Shareholders.

The Bonus Shares will only be allotted to the registered holders of the fully-paid Offer Shares, therefore, Bonus Share Issue will not be extended to the 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 28 December 2007 with the Company's share registrar, Computershare Hong Kong Investor Services Ltd. at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. The register of members of the Company will be closed from 31 December 2007 to 4 January 2008 (both days inclusive). No transfer of Shares will be registered during this period.

Offer Price:

HK$0.11 per Offer Share, payable in full by a Qualifying Shareholder upon acceptance of the assured entitlement of the Offer Shares under the Open Offer.

The Offer Price represents:

(i) the discount of approximately 77.3% of the closing price of HK$0.485 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a discount of approximately 63.9% to the closing price of HK$0.305 per Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a discount of approximately 62.3% to the average closing price of approximately HK$0.292 per Share as quoted on the Stock Exchange for the five trading days ended on the Last Trading Day;

(iv) a discount of approximately 63.3% to the average closing price of approximately HK$0.300 per Share as quoted on the Stock Exchange for the ten trading days ended on the Last Trading Day; and

(v) a discount of approximately 20.3% to the theoretical ex-entitlements price of the Open Offer and Bonus Share Issue of approximately HK$0.138 per Share based on the closing price of HK$0.305 per Share as quoted on the Stock Exchange on the Last Trading Day without considering the effect of any exercise of the Warrants.

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

For those Qualifying Shareholders participate in the Open Offer, they would be entitled to one Offer Share and one Bonus Share for every Existing Share they hold. Based on the total subscription monies under the Open Offer and taking into account of the aggregate of the number of Shares to be issued pursuant to the Open Offer and the Bonus Share Issue, the theoretical price of each Offer Share is approximately HK$0.055 which represents:

(i) the discount of approximately 88.7% of the closing price of HK$0.485 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a discount of approximately 82.0% to the closing price of HK$0.305 per Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a discount of approximately 81.2% to the average closing price of approximately HK$0.292 per Share as quoted on the Stock Exchange for the five trading days ended on the Last Trading Day;

(iv) a discount of approximately 81.7% to the average closing price of approximately HK$0.300 per Share as quoted on the Stock Exchange for the ten trading days ended on the Last Trading Day; and

(v) a discount of approximately 60.1% to the theoretical ex-entitlements price of the Open Offer and Bonus Share Issue of approximately HK$0.138 per Share based on the closing price of HK$0.305 per Share as quoted on the Stock Exchange on the Last Trading Day without considering the effect of any exercise of the Warrants.

Basis of assured entitlement:

The basis of the assured entitlement shall be one Offer Share for every Existing Share held on the Record Date, being 909,090,000 Offer Shares, at a price of HK$0.11 per Offer Share. Application for all or any part of a Qualifying Shareholder's assured entitlement should be made by completing the Application Form and lodging the same with a remittance for the Offer Shares being applied for.

Status of the Offer Shares and the Bonus Shares:

The Offer Shares (when allotted and fully-paid) and the Bonus Shares (when issued and credited as fully paid) will rank pari passu in all respects with the then existing Shares in issue on the date of allotment and issue of the fully paid Offer Shares and the Bonus Shares, holders thereof 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 thereof.

Certificates for the Offer Shares and the Bonus Shares and refund

Subject to the fulfillment of the conditions of the Open Offer and Bonus Share Issue, and the Underwriters not having terminated the Underwriting Agreement as described in the section headed "Termination of the Underwriting Agreement" below, share certificates for all fully-paid Offer Shares and Bonus Shares are expected to be posted on or before 31 January 2008 to those Qualifying Shareholders who have paid for and have accepted the Offer Shares, at their own risks.

Rights of Overseas Shareholders

If at the close of business on the Record Date, a Shareholder's address on the Company's register of members is in a place outside Hong Kong, that Shareholder may not be eligible to take part in the Open Offer and Bonus Share Issue. Documents to be issued in connection with the Open Offer and Bonus Share Issue will not be registered under the applicable securities legislation of any jurisdictions other than Hong Kong. The Directors will make enquiries with legal advisers of the place in which such Overseas Shareholder is residing as to whether the issue of the Offer Shares and Bonus Shares 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 on the entitlement of Overseas Shareholders will be included in the Prospectus of the Company.

If, after making such enquiry, the Directors are 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 Offer Shares to such Overseas Shareholders, the Open Offer will not be extended to such Overseas Shareholders. Accordingly, the Open Offer 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 the Application Form and EAF to the Excluded Shareholders.

Fractions of the Offer Shares

Fractional entitlements of the Offer Shares will not be issued.

Application for excess Offer Shares

Qualifying Shareholders shall be entitled to apply for, any entitlements of the Excluded Shareholders and any Offer Shares not taken up by the Qualifying Shareholders. Application may be made by completing the EAFs and lodging the same with a separate remittance for the excess Offer Shares being applied for.

The Company will allocate the excess Offer Shares at their discretion, but on a fair and reasonable basis as far as practicable based on the following principles:

(i) preference will be given to applications for less than a board lot of Offer Shares where they appear to the Directors that such applications are made to round up odd-lot to whole board lot and that such applications are not made with intention to abuse this mechanism; and

(ii) subject to availability of excess Offer Shares after allocation under principle (i) above, the excess Offer Shares will be allocated to Qualifying Shareholders based on a sliding scale with reference to the number of the excess Offer Shares applied by them (i.e. Qualifying Shareholders applying for a smaller number of Offer Shares are allocated with a higher percentage of successful application but will receive less number of Offer Shares; whereas Qualifying Shareholders applying for a larger number of Offer Shares are allocated with a smaller percentage of successful application but will receive higher number of Offer Shares) and with board lots allocations to be made on best effort basis.

The Shareholders with the Shares held by a nominee company should note that the Directors will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Open Offer Shares will not be extended to the beneficial owners individually.

Shareholders with Shares held by a nominee company are advised to consider whether they would like to arrange registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

Application for listing:

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares and 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.

Dealings in the Offer Shares 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 October 2007
Underwriters:	Sun Hung Kai International Limited and Guotai Junan Securities (Hong Kong) Limited
Number of Offer Shares underwritten:	601,590,000 Offer Shares
Commission:	3% of the aggregate Offer Price for the underwritten Shares The Directors considered that the commissions paid to the Underwriters are determined on an arm's length basis and are fair and reasonable to the Shareholders.

Subject to the fulfillment of the conditions contained in the Underwriting Agreement, the Underwriters have agreed to underwrite the untaken Offer Shares as follows:

Name of Underwriter	**If the number of untaken Shares is equivalent to the number of underwritten Shares**	**If the number of untaken Shares is less than the number of underwritten Shares**
Sun Hung Kai International Limited	312,000,000 Shares	Such number of untaken Shares in the proportion of 312,000,000 divided by 601,590,000
Guotai Junan Securities (Hong Kong) Limited	289,590,000 Shares	Such number of untaken Shares in the proportion of 289,590,000 divided by 601,590,000

In the event that none of the Offer Shares were taken up by the Qualifying Shareholders, Sun Hung Kai International Limited and Guotai Junan Securities (Hong Kong) Limited will become interested in 624,000,000 and 579,180,000 Adjusted Shares respectively (inclusive of the Bonus Shares), representing approximately 22.88% and 21.24% of the Shares in issue upon completion of the Open Offer and the Bonus Share Issue. However, to the best knowledge of the Company, the Underwriters do not currently have an intention to hold the underwritten Shares on a long term basis.

3. Undertaking from Wide Fine International Limited:

As at the Latest Practicable Date, Wide Fine International Limited together with parties acting in concert are interested in 307,500,000 Existing 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.

Pursuant to the Underwriting Agreement, Wide Fine International Limited, has irrevocably undertaken to the Company that it will subscribe for 307,500,000 Offer Shares which it is entitled to under the Open Offer. The remaining 601,590,000 Offer Shares are fully underwritten by the Underwriters.

4. Termination of the Underwriting Agreement:

The Underwriters may terminate the Underwriting Agreement, if prior to 4:00 p.m. on the Settlement Date (as defined in the Underwriting Agreement), which is expected to be 28 January 2008, if in the reasonable opinion of the Underwriters:

(i) the occurrence of the following events would materially prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable for the Underwriters to proceed with the Open Offer:

(a) the introduction of any new law or regulation or any material change in existing law or regulation or any material change in the judicial interpretation or application thereof by any court or other competent authority; or

(b) the occurrence of any local, national or international event, development or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date hereof) of a political, military, financial, regulatory or economic nature (whether or not ejusdem generis with any of the foregoing) resulting in a material adverse change in, or which might reasonably be expected to result in a material adverse change in, securities market conditions; or

(c) the imposition of any moratorium, suspension or material restriction on trading in securities generally or the Company's securities on the Stock Exchange (i) occurring due to exceptional financial circumstances; or (ii) for a period of more than ten consecutive business days (as defined in the Underwriting Agreement) (excluding any suspension in connection with the clearance of this announcement or the Prospectus Documents or other announcement or circular in connection with the Open Offer); or

(d) any material adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction on trading in securities) occurs;

(ii) the Underwriters shall receive notification pursuant to the Underwriting Agreement of, or shall otherwise become aware of, the fact that any of the representations or warranties contained in the Underwriting Agreement was, when given, untrue or inaccurate in any material respect or would be untrue or inaccurate in any material respect if repeated as provided in the Underwriting Agreement and the Underwriters shall in their reasonable opinion determine that any such untrue representation or warranty is likely to have a materially prejudicial effect on the Open Offer; or

(iii) any material change occurs in the circumstances of the Company or any member of the Group which would materially and adversely affect the prospects, business, financial or trading position of the Group taken as a whole including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any major member of the Group or the destruction of any material asset of the Group; or

(iv) the Company commits any breach of or omits to observe any of the material obligations or undertakings expressed to be assumed by it under the Underwriting Agreement in any material respect which breach or omission would have a material and adverse effect on the prospects, business, financial or trading position of the Group taken as a whole; or

(v) the occurrence of any event, or series of events, beyond the control of the Underwriters (including, without limitation, acts of government, strike, lock-outs, fire, explosion, flooding, civil commotion, acts of war, acts of terrorism, or acts of God) which in their reasonable opinion has or would have the effect of materially and adversely affecting the Open Offer.

If the Underwriters terminate the Underwriting Agreement, the Open Offer, and hence the Bonus Share Issue, will not proceed.

5. Conditions

The Underwriting Agreement is conditional upon:–

(a) the passing by the Shareholders, other than Wide Fine International Limited and parties acting in concert with each of them or their respective associates and shareholders who are interested in or involved in the Open Offer or such other parties as may be deemed by the Stock Exchange to be concert parties to any of them, at the SGM the resolutions to approve the Open Offer and the Bonus Share Issue and all transactions contemplated in or incidental to the Underwriting Agreement and the implementation thereof, in accordance with the GEM Listing Rules and all applicable laws, rules and regulations on or before the Posting Date;

(b) the filing with the Registrar of Companies in Bermuda of one copy of the Prospectus duly signed by all directors or by one of the directors on behalf of all directors in compliance with the Companies Act 1981 of Bermuda (the "Companies Act") (and all other documents required to be attached thereto) and otherwise complying with the requirements of the Companies Act on or as soon as reasonably practicable after the date of the Prospectus;

(c) the delivery to the Stock Exchange for authorization and registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents, each duly certified by any two Directors (or by their agents duly authorised in writing) and all other documents required to be attached thereto and otherwise in compliance with the GEM Listing Rules and the Companies Ordinance of Hong Kong (Chapter 32 of the Laws of Hong Kong) on or before the Posting Date;

(d) the posting of the Prospectus Documents to Qualifying Shareholders, other than the Excluded Shareholders, on or before the Posting Date;

(e) the compliance by Wide Fine International Limited with all of its obligations under its undertaking pursuant to the Underwriting Agreement on or before the Settlement Date;

(f) the Listing Committee of the Stock Exchange granting (either unconditionally or subject to such conditions) and not having withdrawn or revoked, the listing of and permission to deal in the Adjusted Shares in issue and to be issued, Offer Shares and Bonus Shares on or before 4:00 p.m. immediately before the date of commencement of dealings therein;

(g) if required, the Bermuda Monetary Authority granting its consent to the issue of the Offer Shares and Bonus Shares on or before the Settlement Date;

(h) the Bonus Share Issue shall become unconditional (save for any condition requiring the Open Offer to become unconditional); and

(i) the Capital Reorganisation becoming effective.

In the event that such conditions are not fulfilled on or before the time and dates specified therein (or such later date as the Company and the Underwriters may agree), the Open Offer would not proceed.

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

(i) the approval of the Bonus Share Issue by the Shareholders (other than those prohibited from voting by the GEM Listing Rules) at the SGM in accordance with the GEM Listing Rules; and

(ii) the Open Offer becoming unconditional (save as any condition requiring the Bonus Share Issue to become unconditional) and the Underwriting Agreement not being terminated by the Underwriters.

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

6. Warning of the risks of dealing in shares

The Shareholders and potential investors of the Company should note that the Open Offer and the Bonus Share Issue are conditional upon the Underwriting Agreement having become unconditional and the Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-paragraph headed "Termination of the Underwriting Agreement" in this circular). Accordingly, the Open Offer and the Bonus Share Issue may or may not proceed.

The Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

The Shareholders should note that dealings in Shares will take place while the conditions to which the Underwriting Agreement remain unfulfilled. Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be 28 January 2008), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

7. Shareholding Structure

The following table summaries the effects of the Open Offer and Bonus Share Issue on the shareholding structure of the Company:

	As at the Latest Practicable Date		Immediately upon completion of the Open Offer and Bonus Share Issue assuming all Qualifying Shareholders fully take up their respective entitlement		Immediately upon completion of the Open Offer and Bonus Share Issue assuming all Qualifying Shareholders (except Wide Fine International Limited) do not take up their respective entitlement	
	Shares	*%*	*Shares*	*%*	*Shares*	*%*
Undertaking Shareholder						
Wide Fine International Limited	307,500,000	33.83%	922,500,000	33.83%	922,500,000	33.83%
Connected Parties						
Chen Anfeng *(note 1)*	9,000,000	0.99%	27,000,000	0.99%	9,000,000	0.33%
Sin Tim Iao *(note 1)*	9,000,000	0.99%	27,000,000	0.99%	9,000,000	0.33%
Underwriters						
Sun Hung Kai International Limited	–	–	–	–	624,000,000	22.88%
Guotai Junan Securities (Hong Kong) Limited	–	–	–	–	579,180,000	21.24%
Public Shareholders						
Lai Pak Leng *(Note 2)*	62,000,000	6.82%	186,000,000	6.82%	62,000,000	2.27%
Lai Cho Wai *(Note 2)*	46,000,000	5.06%	138,000,000	5.06%	46,000,000	1.68%
Other Public Shareholders	475,590,000	52.31%	1,426,770,000	52.31%	475,590,000	17.44%
Subtotal for Public Shareholders	**583,590,000**	**64.19%**	**1,750,770,000**	**64.19%**	**583,590,000**	**21.39%**
Total	909,090,000	100.00%	2,727,270,000	100.00%	2,727,270,000	100.00%

Note 1: Chen Anfeng and Sin Tim Iao, are connected persons to the Company by virtue of their equal shareholding in a substantial shareholder of a subsidiary of the Company.

Note 2: Lai Cho Wai is an ex-director of the Company who had resigned on 29 August 2007. He is a connected person under Chapter 20 of the GEM Listing Rules but not a connected person under Rule 1.01 of the GEM Listing Rules. For the purpose of calculating public float, the Shares held by Lai Cho Wai is considered as a public shareholder of the Company. Lai Pak Leng is the nephew of Lai Cho Wai and is also considered as a public shareholder of the Company.

If and when the Shares held by the public falls below 20% as required by the GEM Listing Rules as a result of the Open Offer or taking up of any Offer Shares by the Underwriters, the Stock Exchange has the right to suspend trading in the Shares on the Stock Exchange until such percentage is restored to 20% or above under the GEM Listing Rules. To avoid the public float to be less than 20% of the issued share capital of the Company upon completion of the Open Offer and Bonus Share Issue, the Underwriters shall, before completion of the Open Offer and Bonus Share Issue, procure subscription by independent third parties (being members of the "public" as defined in the GEM Listing Rules), so that the public float will be no less than 20% of the issue share capital of the Company upon completion of the Open Offer and Bonus Share Issue.

The Stock Exchange has stated that if, at the date of completion of the Open Offer and Bonus Share Issue, less than 20% of the Shares are held by the public or if the Stock Exchange believes that:

- **a false market exists or may exist in the trading in the Shares; or**

- **there are too few shares of the Shares in public hands to maintain an orderly market,**

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

8. Reasons for the Open Offer and Bonus Share Issue

Given the recent improved equity market conditions, the Directors have considered other fund raising alternatives for the Group, including bank borrowings and placing of new Shares, and taking into account the benefits and cost of each of the alternatives, the Open Offer allows the Group to strengthen its balance sheet without facing the increasing interest rates. The Directors had also considered the feasibility of having a rights issue, however the Directors are of the view that the Open Offer provides a more simplified procedure and shorter time frame for fund raising whilst the Open Offer also offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the proportionate interests in the Company and to continue to participate in the future development of the Company should they wish to do so.

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

The net proceeds of approximately HK$96 million raised from the Open Offer are expected to be applied for (i) HK$49.5 million for potential investments in future business opportunities which include the JV Subscription; (ii) HK$15 million for purchase of properties to be used as the Group's office and staff quarter; (iii) HK$15 million for settlement of borrowings and payables of the Group; and (iv) the remaining balance of approximately HK$16.5 million for general working capital of the Group. The estimated expenses in relation to the Open Offer and Bonus Share Issue including financial, legal and other professional advisory fees, underwriting commission, printing and translation expenses of approximately HK$3.8 million will be borne by the Company. As at the Latest Practicable Date, the Directors have been studying various business opportunities but have not committed on any of them except the JV Subscription.

The Directors consider that the Open Offer and the Bonus Share Issue are in the interests of the Company and the Shareholders as a whole.

9. Fund-Raising activities by the Company during the past 12 months immediately preceding the date of the Announcement

Save for the Rights Issue, the Company did not raise any other funds by issue of equity securities during the 12 months immediately preceding the date of the Announcement.

Date	Event	Subscription price	Net proceeds	Use of net proceeds
28 August 2007	Issue of 303,030,000 Shares under the Rights Issue	HK$0.13	Approximately HK$36 million	(i) approximately HK$30 million for payment of the revised consideration under the supplemental sale and purchase agreement dated 21 May 2007 in relation to the Company's acquisition of Right Gateway Limited; and (ii) the balance of approximately HK$6 million for general working capital purpose.

IV. DISCLOSEABLE TRANSACTION

On 29 October 2007, Cherry Oasis (Far East) Limited, a wholly owned subsidiary of the Company, has entered into an agreement with two independent third parties of which the Group agreed to subscribe for 90% shareholding interest of the Joint Venture at a consideration of HK$49,500,000.

1. The JV Subscription Agreement

Date: 29 October 2007

Parties: Cherry Oasis (Far East) Limited (being a wholly owned subsidiary of the Company), Cheung Tze Lin, Aston, Wong Wai Man, Raymond.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Cheung Tze Lin, Aston and Wong Wai Man, Raymond are third parties independent of the Company and its connected persons (as defined under the GEM Listing Rules).

2. Assets to be Acquired

49,500,000 shares of HK$1 each of the Joint Venture to be subscribed by Cherry Oasis (Far East) Limited at par, which will represent 90% of the total issued share capital of the Joint Venture after the completion of the JV Subscription.

Cheung Tze Lin, Aston and Wong Wai Man, Raymond will each hold 2,750,000 shares of the Joint Venture, which in aggregate constitutes 10% of the total issued share capital of the Joint Venture after the completion of the JV Subscription.

3. Consideration

The consideration for the JV Subscription by Cherry Oasis (Far East) Limited is HK$49,500,000 and will be satisfied with the proceeds from the Open Offer.

4. Conditions

The JV Subscription is conditional upon:

(a) the completion of the Open Offer;

(b) the Money Lenders License is granted to the Joint Venture; and

(c) all necessary approvals and consents to the execution of the JV Subscription and the performance of the transactions hereby contemplated being obtained.

If the conditions shall not have been fulfilled by 28 February 2008 or such later date as the parties may agree, the JV Subscription Agreement shall become null and void and of no effect.

5. Information of the Joint Venture

The Joint Venture was incorporated under the laws of Hong Kong on 12 July 2007 and has not commenced business. The principal activity of the Joint Venture is intended to be a money lender in Hong Kong. The Joint Venture is currently applying for a money lenders licence under the Money Lenders Ordinance (Cap. 163 of the Laws of Hong Kong) which is the only licence required for the operation of a money lending business in Hong Kong. Upon completion of the JV Subscription, the Joint Venture will become one of the indirect non-wholly owned subsidiaries of the Group and aim to provide money lending services to companies whose businesses are in the provision of entertainment and marketing services in Asia and gaming services in Macau by targeting at the intermediaries working in the gaming business in Macau who/which are licensed for lending money to players. As the Company also provides marketing and settlement services to gaming companies in Macau, the proposed money lending business is related to the existing business of the Group. The Joint Venture is currently held by Mr. Cheung Tze Lin, Aston and Mr. Wong Wai Man, Raymond in equal share, each holding 5,000 shares thereof. Each of Mr. Cheung Tze Lin, Aston and Mr. Wong Wai Man, Raymond has agreed to subscribe for 2,745,000 shares of the Joint Venture at par upon completion of the JV Subscription by the Group.

The following is a summary of the capital structure of the Joint Venture before and after the completion of JV Subscription:

	As at the Latest Practicable Date		**After completion of the JV Subscription**	
	Issued Share Capital of the Joint Venture *(HK$)*	**Percentage Shareholding**	**Issued Share Capital of the Joint Venture** *(HK$)*	**Percentage Shareholding**
The Group	–	–	49,500,000	90%
Mr. Cheung Tze Lin, Aston	5,000	50%	2,750,000	5%
Mr. Wong Wai Man, Raymond	5,000	50%	2,750,000	5%
Total	**10,000**	**100%**	**55,000,000**	**100%**

The following is the brief biography of each of Mr. Cheung Tze Lin, Aston and Mr. Wong Wai Man, Raymond:

Cheung Tze Lin, Aston, aged 48, holds a degree of business and administration from La Selle University of Manila Philippines. He has more than 30 years working experience with the last seven years in the credit control department, accounts department and administration department in a subsidiary of a licensed bank in Hong Kong.

Wong Wai Man, Raymond, aged 40, holds a professional diploma in financial management. He has more than 20 years working experience with the last 6 years working in a subsidiary of a licensed bank.

Based on the information provided by Mr. Cheung Tze Lin, Aston and Mr. Wong Wai Man, Raymond and the understanding of the Directors, the Directors concluded that they are competent to run a money lending business. They will be assigned as the responsible persons to manage the new money lending business with overall supervision from the existing management of the Company.

6. Reasons for entering into the JV Subscription

The Group has taken into account the following factors in determining the consideration for the JV Subscription, which was arrived at after arm's length negotiations between the parties: (i) the economic benefits of the JV Subscription to the Group; (ii) the future prospects of the money lending business; (iii) the potential business opportunities that can be provided to the Group. In particular, the Directors considered that the consideration represents an injection of capital in the money lending business which will enhance the overall business of the Group.

7. Possible financial effects of the JV Subscription on the Group

The aggregate consideration for the JV Subscription of HK$49,500,000 will be satisfied by the proceeds from the Open Offer. On such basis, the total asset of the Group will increase by approximately 7.4% of HK$5.5 million by the investment in the Joint Venture made by Mr. Cheung Tze Lin, Aston and Mr. Wong Wai Man, Raymond (a total of HK$5.5 million). In addition, there will be no material impact on the earning, total liabilities and gearing ratio (i.e. total borrowings/total equity) of the Group as the result of the JV Subscription.

8. General

The Directors (including the independent non-executive Directors) considered that the JV Subscription is entered into on normal commercial terms and in the ordinary and usual course of the business of the Group and that the terms of the JV Subscription Agreement are fair and reasonable and in the interests of the Group so far as the interests of the Shareholders of the Company are concerned.

The JV Subscription contemplated in the JV Subscription Agreement constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules.

V. REFRESHMENT OF GENERAL MANDATES

1. Existing Mandates

At the AGM, the Shareholders approved, among other things, ordinary resolutions to grant to the Directors the Existing Issue Mandate to allot and issue not more than 60,606,000 Existing Shares, being 20% of the entire issued share capital of the Company of 303,030,000 Existing Shares as at the date of passing of such resolution and the Existing Repurchase Mandate to repurchase up to maximum of 30,303,000 Shares, being 10% of the entire issued share capital of the Company of 303,030,000 Shares as at the date of passing of such resolution.

Subsequent to the AGM and following the completion of the Rights Issue, the issued share capital of the Company has been substantially increased threefold from 303,030,000 Existing Shares to 909,090,000 Existing Shares. Since the AGM, the Existing Mandates has not been refreshed and no part of the Existing Mandates has been utilized.

2. Reasons for the Refreshment of Existing Mandates

The Group is principally engaged in the sales of customized software and related computer equipment, provision of technical support and maintenance services in the Greater China Region, and related business in the gaming and entertainment business in Macau.

Following the completion of the Rights Issue, the issued share capital of the Company is increased from 303,030,000 Existing Shares to 909,090,000 Existing Shares. Under the Existing Mandates, the Directors were only allowed to issue 60,606,000 Shares, representing approximately 6.67% of the issued share capital of the Company as at the Latest Practicable Date.

In view of the substantial increase in the number of issued Shares after the AGM, the Directors believe that the proposed Refreshment of Existing Mandates will enhance flexibility for the Group to raise funds by equity financing for further business development on a timely basis and to strengthen the capital base and financial position of the Company in future.

Given that in the absence of the proposed Refreshment to Existing Mandates, the general mandate to issue Shares will only be updated on the basis of the existing increased share capital at the next annual general meeting, which is scheduled to be held in August next year, the Company may miss funding opportunities if it is unable to respond promptly to the market conditions, the Directors consider that the Refreshment of Existing Mandates is in the interest of the Company and its Shareholders. Therefore, the Directors believe that the granting of the New Mandates is in the best interests of the Company and the Shareholders as a whole by virtue of maintaining the financial flexibility for the Group's future business development.

The Directors proposes to seek the approval of the New Issue Mandate and New Repurchase Mandate at the SGM. An explanatory statement containing information relating to the New Repurchase Mandate as required pursuant to the GEM Listing Rules is set out in the Appendix I to this circular.

As the Refreshment of Issue Mandate is made immediately after the Rights Issue and that the amount in percentage terms of the unutilized part of the Existing Issue Mandate upon refreshment is the same as the unused part of the Existing Issue Mandate immediately before the Rights Issue, both being 100%, the Company is only required to comply with Rule 17.41A(4) of the GEM Listing Rules and obtain approvals from the Shareholders.

3. New Mandates

As at the Latest Practicable Date, the Company had an aggregate of 909,090,000 Existing Shares in issue. Subject to the passing of the ordinary resolutions for the approval of the Refreshment to Existing Mandates and to extend the general mandate granted to Directors to issue Shares by the addition of an amount representing the aggregate number of any Shares repurchased, and on the basis that no further Existing Shares are issued and/or repurchased by the Company between the date hereof and the date of the SGM, the Company would be allowed under the New Issue Mandate to allot and issue up to 181,818,000 Shares being 20% of the total number of Existing Shares in issue as at the date hereof and under the New Repurchase Mandate to repurchase up to maximum of 90,909,000 Shares, being 10% of the total number of Existing Shares in issue as at the date hereof.

The New Mandates will, if granted at the SGM, remain effective until the earliest of: (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held in accordance with Bermuda law or the Bye-Laws; and (iii) their revocation or variation by ordinary resolutions of the Shareholders in a general meeting.

If the ordinary resolutions approving the grant of the New Mandates are passed, the Existing Mandates will be revoked immediately under such ordinary resolutions. Upon such revocation, no further Shares shall be issued or agreed to be issued or repurchased under the Existing Mandates.

VI. 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, 4 January 2008 at 2:30 p.m. is set out on pages 122 to 127 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 Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, 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 proposed Open Offer and Bonus Share Issue will be subject to Independent Shareholders' approval by way of poll.

VII. RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 34 of this circular. Your attention is also drawn to the letter of advice from Grand Vinco Capital Limited set out on pages 35 to 47 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 Open Offer and Bonus Share Issue and the principal factors and reasons considered in arriving at its advice.

Wide Fine International Limited and their respective associates (holding 307,500,000 Shares in total, representing 33.83% of the issued share capital of the Company) will abstain from voting in the resolutions in respect of the Open Offer and Bonus Share Issue proposed at the SGM.

After considering various factors as stated in this letter, the executive Directors wish to recommend the Shareholders to vote in favour of the resolutions to be proposed at the SGM for approving (i) the Capital Reorganisation; (ii) the Bonus Warrant Issue; (iii) the JV Subscription; and (iv) the Refreshment of Existing Mandates, and the Independent Shareholders to vote in favour of the revolutions to be proposed at the SGM for approving the Open Offer and Bonus Share Issue.

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 November 2007

To the Independent Shareholders,

Dear Sir or Madam,

CAPITAL REORGANISATION, BONUS WARRANT ISSUE, OPEN OFFER AND BONUS SHARE ISSUE, DISCLOSEABLE TRANSACTION, AND REFRESHMENT OF EXISTING MANDATES

We refer to the letter from the Board set out on pages 9 to 33 of the circular dated 28 November 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 the Open Offer and Bonus Share Issue 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 and to vote in favour of the resolutions to be proposed at the SGM to approve the Open Offer and Bonus Share Issue. Grand Vinco Capital Limited 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 Grand Vinco Capital Limited to the Independent Board Committee and the Independent Shareholders which contain its advice to us in relation to the Open Offer and Bonus Share Issue as set out in the Circular. We are of the view that the Open Offer and Bonus Share Issue, so far as the Independent Shareholders are concerned, are fair and reasonable and on normal commercial terms and in the interests of the Independent Shareholders and the Company as a whole. We, therefore, recommend the Independent Shareholders to vote in favour of the Open Offer and Bonus Share Issue at the SGM.

Yours faithfully,
Independent Board Committee

Mr. Leung Kar Loon, Stanley
Independent non-executive Director

Mr. Ng Kwok Chu, Winfield
Independent non-executive Director

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

* *For identification purpose only*

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 proposed Open Offer in the proportion of one Offer Share for every Existing Share held on the Record Date at HK$0.11 per Offer Share with Bonus Shares to be issued on the basis of one Bonus Share for every fully paid Offer Share 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 November 2007

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

Dear Sirs,

PROPOSED OPEN OFFER IN THE PROPORTION OF
ONE OFFER SHARE FOR EVERY EXISTING SHARE HELD ON RECORD DATE
AT HK$0.11 PER OFFER SHARE
WITH BONUS SHARES TO BE ISSUED ON THE BASIS OF
ONE BONUS SHARE FOR EVERY FULLY PAID OFFER SHARE

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 proposed Open Offer, 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 November 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.

As announced by the Company on 7 November 2007, the Company proposed to raise fund by way of Open Offer in conjunction with the Bonus Share Issue. As the proposed Open Offer would increase the issued share capital of the Company by more than 50%, pursuant to Rule 10.39 (1) of the GEM Listing Rules, the Open Offer is subject to, among other things, the approval by Independent Shareholders at the SGM. The Bonus Share Issue, being inter-conditional to the Open Offer, will also be subject to Independent Shareholders' approval at the SGM. As at the Latest Practicable Date, Wide Fine International Limited and its associates are interested in approximately 33.83% of the entire issued share capital of the Company and therefore should abstain from voting in favour of the Open Offer and the Bonus Share Issue at the SGM.

The Independent Board Committee, comprising Mr. Ng Kwok Chu, Winfield, Mr. Ng Chau Tung, Robert and Mr. Leung Kar Loon, Stanley, all being the independent non-executive Directors, has been formed to advise the Independent Shareholders on the terms of the Open Offer and the Bonus Share Issue. We have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Open Offer and the Bonus Share Issue. 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 Open Offer and the Bonus Share Issue are on normal commercial terms, fair and reasonable and in the interests of the Company and the Independent 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 Open Offer and the Bonus Share Issue.

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 Open Offer and the Bonus Share Issue, as referred to in Rule 17.92 of the GEM Listing Rules (including the notes thereto).

In formulating our opinion, we have not considered the taxation implications on Independent Shareholders in relation to the subscription for, holding or disposal of the Offer Shares or otherwise, since these are particular to their individual circumstances. It is emphasized that we will not accept responsibility for any tax effects on, or liabilities of any person resulting from the subscription for, holding or disposal of the Offer Shares or otherwise. In particular, Independent Shareholders subject to overseas taxation or Hong Kong taxation on securities dealings should consider their own tax position and, if in any doubt, should consult their own professional advisers.

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 Open Offer and Bonus Share Issue 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 Open Offer and the Bonus Share Issue, we have considered the principal factors and reasons set out below:

1. The Open Offer and the Bonus Share Issue

Background of and reasons for the Open Offer and the Bonus Share Issue

With reference to the Announcement dated 7 November 2007, the Company proposed to raise approximately HK$99,999,900 before expenses by way of an open offer of 909,090,000 Offer Shares at a price of HK$0.11 per Offer Share on the basis of one Offer Share for every Existing Share held on the Record Date. In conjunction with the Open Offer, the registered holders of fully-paid Offer Shares will be issued one Bonus Share for every Offer Share successfully subscribed by the Qualifying Shareholders.

The net proceeds of approximately HK$96 million raised from the Open Offer are expected to be applied for (i) HK$49.5 million for potential investments in future business opportunities which include the discloseable transaction as stated in the letter from the Board; (ii) HK$15 million for purchase of properties to be used as the Group's office and staff quarters; (iii) HK$15 million for settlement of borrowings and payables of the Group; and (iv) the remaining balance of approximately HK$16.5 million for general working capital of the Group.

As the proposed Open Offer would increase the issued share capital of the Company by more than 50%, pursuant to Rule 10.39 (1) of the GEM Listing Rules, the Open Offer is subject to, among other things, the approval by Independent Shareholders at the SGM. The Bonus Share Issue, being inter-conditional to the Open Offer, will also be subject to Independent Shareholders' approval at the SGM. As at the Latest Practicable Date, Wide Fine International Limited and its associates are interested in approximately 33.83% of the entire issued share capital of the Company and therefore should be abstain from voting in favour of the Open Offer and the Bonus Share Issue at the SGM. The Open Offer and the Bonus Share Issue are inter-conditional to each other.

Principal terms for the Open Offer and the Bonus Share Issue

a. Subscription price

Under the Open Offer, the Company will provisionally allot one Offer Share for every one Existing Share held by Qualifying Shareholders held on the Record Date at a Subscription Price of HK$0.11 per Rights Share. The Subscription Price represents:

(i) a discount of approximately 63.9% to the closing price of HK$0.305 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 62.3% to the average closing price of approximately HK$0.292 per Share as quoted on the Stock Exchange for the five trading days ended on the Last Trading Day;

(iii) a discount of approximately 63.3% to the average closing price of approximately HK$0.300 per Share as quoted on the Stock Exchange for the ten trading days ended on the Last Trading Day;

(iv) a discount of approximately 77.3% to the closing price of HK$0.485 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(v) a discount of approximately 20.3% to the theoretical ex-entitlements price (after taking into consideration of the Bonus Share Issue) of approximately HK$0.138 per Share based on the closing price of HK$0.305 per Share as quoted on the Stock Exchange on the Last Trading Day; and

(vi) a premium of approximately 266.7% to the net asset value per Share of HK$0.03 based on the audited consolidated net asset value of the Group of approximately HK$29,659,000 as at 31 March 2007 and entire issued share capital of 909,090,000 Shares as at the Latest Practicable Date.

Under the Open Offer and the Bonus Share Issue, the Qualifying Shareholders would be entitled to 1 Offer Share and 1 Bonus Share for every Share they hold on the Record Date at a theoretical Subscription Price of HK$0.055 per Offer Share. The Subscription Price represents:

(i) a discount of approximately 82.0% to the closing price of HK$0.305 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 81.2% to the average closing price of approximately HK$0.292 per Share as quoted on the Stock Exchange for the five trading days ended on the Last Trading Day;

(iii) a discount of approximately 81.7% to the average closing price of approximately HK$0.300 per Share as quoted on the Stock Exchange for the ten trading days ended on the Last Trading Day;

(iv) a discount of approximately 88.7% to the closing price of HK$0.485 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(v) a discount of approximately 60.1% to the theoretical ex-entitlements price (after taking into consideration of the Bonus Share Issue) of approximately HK$0.138 per Share based on the closing price of HK$0.305 per Share as quoted on the Stock Exchange on the Last Trading Day; and

(vi) a premium of approximately 83.3% to the net asset value per Share of HK$0.03 based on the audited consolidated net asset value of the Group of approximately HK$29,659,000 as at 31 March 2007 and entire issued share capital of 909,090,000 Shares as at the Latest Practicable Date.

As confirmed by the Directors, the Subscription Price has been determined based on arm's length negotiation between the Company and the Underwriters with reference to the then market environment and prevailing market price of the Shares. In order to enhance the attractiveness of the Open Offer, the Directors consider that it is appropriate to set the Subscription Price at a discount to the market price of the Shares. Based on the foregoing, we consider the pricing terms of the Open Offer and the Bonus Share Issue are fair and reasonable to the Independent Shareholders and the Company as a whole.

To assess as to the fairness and reasonableness of the Open Offer, we have also reviewed and included below all the companies (the "Comparables") listed on the Stock Exchange which have announced open offer 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
Kanhan Technologies Group Limited	8175	2-Nov-07	2.50%	1-for-2	65.96%	56.28%
Magician Industries (Holdings) Limited	526	21-Oct-07	3.00%	1-for-2	79.80%	72.50%
Riche Multi-media Holdings Limited	764	18-Oct-07	2.50%	1-for-2	20.00%	14.29%
Tian An China Investments Company Limited	28	2-Oct-07	2.00%	1-for-5	36.84%	32.74%
Everest International Investments Limited	204	28-Sep-07	N/A	2-for-1	16.67%	6.54%
Paliburg Holdings Limited	617	28-Sep-07	N/A	7-for-20	32.30%	25.00%
Sun Innovation Holdings Limited	547	21-Sep-07	N/A	1-for-3 (plus 23 warrants for every 50 offer shares)	15.68%	N/A
Intelli-Media Group (Holdings) Limited	8173	20-Sep-07	1.50%	1-for-2	60.00%	50.00%
Prime Investments Holdings Limited	721	5-Sep-07	N/A	5-for-1	86.53%	51.90%
Paladin Limited	495	4-Sep-07	2.00%	1-for-2	(32.00%)	(24.00%)
Brilliant Arts Multi-Media Holding Limited	8130	31-Aug-07	2.50%	1-for-2	34.78%	26.22%
eCyberChina Holdings Limited	254	23-Aug-07	2.00%	30-for-1	91.43%	25.60%
Thiz Technology Group Limited	8119	15-Aug-07	2.50%	1-for-2	56.52%	46.52%
Northern International Holdings Limited	736	24-Jul-07	2.50%	3-for-1	76.10%	44.30%
China State Construction International Holdings Limited	3311	23-Jul-07	2.50%	1-for-5	22.00%	19.00%
Mandarin Entertainment (Holdings) Limited	9	20-Jul-07	2.50%	1-for-2	50.50%	40.48%
Theme International Holdings Limited	990	20-Jul-07	2.00%	1-for-2	55.20%	45.10%
Asia Commercial Holdings Limited	104	17-Jul-07	2.00%	4-for-5	54.00%	24.00%
GZI Transport Limited	1052	29-Jun-07	1.75%	1-for-2	31.05%	23.09%
Kenfair International (Holdings) Limited	223	27-Jun-07	2.50%	1-for-2	89.13%	84.54%

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
China Investment Fund Company Limited	612	13-Jun-07	1.00%	1-for-2	88.51%	83.71%
China Aerospace International Holdings Limited	31	6-Jun-07	2.25%	1-for-5	51.08%	46.42%
Shun Cheong Holdings Limited	650	5-Jun-07	1.00%	1-for-2	51.22%	41.18%
Prosticks International Holdings Limited	8055	4-Jun-07	2.50%	2-for-5	54.55%	46.09%
Prosperity Investment Holdings Limited	310	14-May-07	1.50%	1-for-2	55.74%	45.56%
Panva Gas Holdings Limited	1083	11-May-07	N/A	1-for-10	5.20%	4.80%
Fortuna International Holdings Limited	530	9-May-07	2.00%	2-for-1	72.31%	46.53%
Grandtop International Holdings Limited	2309	23-Apr-07	2.00%	1-for-2	28.57%	20.95%
Max:			**3.00%**		**91.43%**	**84.54%**
Min:			**Nil**		**(32.00%)**	**(24.00%)**
Average:			**2.09%**		**48.20%**	**37.01%**
The Company	**8017**	**7-Nov-07**	**3.00%**	**1-for-1**	**63.93%** *(Note 1)*	**20.29%** *(Note 1)*
				1-for-1 (with the Bonus Share)	**81.97%** *(Note 2)*	**60.14%** *(Note 2)*

Source: Stock Exchange

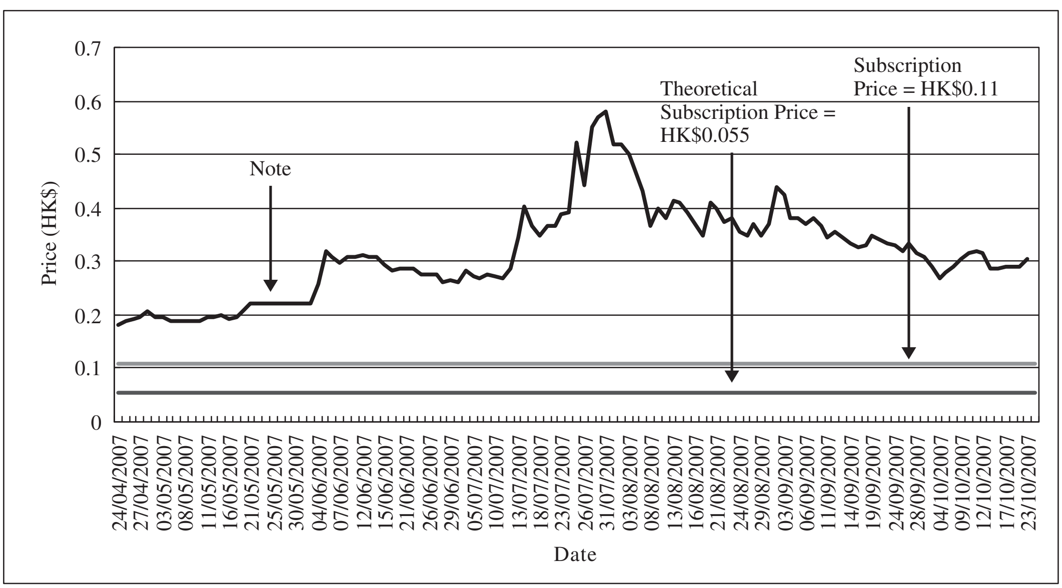
Note:

1. To consider the effect to the Open Offer alone, the discount percentages are based on the Subscription Price at HK$0.11 per Offer Share.

2. To consider the effect of the Open Offer and the Bonus Share Issue, the discount percentages are based on the theoretical subscription price of HK$0.055 per Offer Share.

Based on the table above, the subscription prices of the Comparables represent a range from a premium of approximately 32.00% to a discount of approximately 91.43% on the closing price of the last trading day prior to the date of announcement with a mean discount of approximately 48.20%, and also a range from a premium of approximately 24.00% to a discount of approximately 84.54% on the theoretical closing price of last trading day prior to the date of announcement with a mean discount of approximately 37.01%. The Subscription Price for the Open Offer alone represents a discount of approximately 63.93% (higher than the mean of the Comparables) and 20.29% (lower than the mean of the Comparables) from the closing price on Last Trading Day and the theoretical ex-entitlements price on the Last Trading Day respectively, which falls within the range of the Comparables. The theoretical subscription price regarding the Open Offer and the Bonus Share Issue represents a discount of approximately 81.97% and 60.14% from the closing price on Last Trading Day and the theoretical ex-entitlements price on the Last Trading Day respectively, which are higher than their respective mean discounts but falls within the range of the Comparables. Based on the foregoing, we are of the view that it is common for the listed issuers to issue offer shares at a discount to the market price in order to give an incentive to their shareholders to participate in the respective open offer. As such, we consider the pricing of the Open Offer and the Bonus Share Issue is on normal commercial terms and 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 24 April 2007 to the Last Trading Day (the "Review Period").



Source: Stock Exchange

Note: Trading of Shares was suspended from 22 May 2007 to 1 June 2006 pending the release of an announcement in relation to a proposed major and connected transaction, a proposed rights issue and bonus share issue and proposed amendment of bye-laws of the Company.

The closing price of Shares as quoted on the Stock Exchange during the Review Period has been fairly steady and it infers discounts to the Subscription Price and the theoretical subscription price over the Review Period, which 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 Open Offer in conjunction with the Bonus Share Issue provides a reasonable incentive for the Qualifying Shareholders to subscribe for the Offer 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 3.00%. As the Underwriters are charging 3.00% underwriting commission, albeit the highest underwriting commission rate of the Comparables, we are of the view that the underwriting commission charged by the Underwriters is still within range of the Comparables and is 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 Offer Shares. For those Qualifying Shareholders who take up their entitlements in full under the Open Offer, their shareholding interests in the Company will remain unchanged after the Open Offer and the Bonus Share Issue.

In the event those Qualifying Shareholders who do not exercise their rights to subscribe for the Open Offer 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.

Meanwhile, Qualifying Shareholders who wish to increase their shareholdings in the Company through the Open Offer in conjunction with the Bonus Share Issue may, subject to availability, apply for any entitlements of the Excluded Shareholders and any Offer Shares not taken up by the Qualifying Shareholders.

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

	As at the Latest Practicable Date		Immediately upon completion of Open Offer and Bonus Share Issue assuming all Qualifying Shareholders fully take up their respective entitlement		Immediately upon completion of Open Offer and Bonus Share Issue assuming all Qualifying Shareholders (except Wide Fine International Limited) do not take up their respective entitlement	
	Shares	*Approximate %*	*Shares*	*Approximate %*	*Shares*	*Approximate %*
Undertaking Shareholder:						
Wide Fine International Limited *(note 1)*	307,500,000	33.83%	922,500,000	33.83%	922,500,000	33.83%
Connected Parties:						
Chen Anfeng *(note 2)*	9,000,000	0.99%	27,000,000	0.99%	9,000,000	0.33%
Sin Tim Iao *(note 2)*	9,000,000	0.99%	27,000,000	0.99%	9,000,000	0.33%
Underwriters:						
Sun Hung Kai International Limited	–	–	–	–	624,000,000	22.88%
Guotai Junan Securities (Hong Kong) Limited	–	–	–	–	579,180,000	21.24%
Public Shareholders:						
Lai Cho Wai *(note 3)*	46,000,000	5.06%	138,000,000	5.06%	46,000,000	1.68%
Lai Pak Leng *(note 3)*	62,000,000	6.82%	186,000,000	6.82%	62,000,000	2.27%
Other public Shareholders	475,590,000	52.31%	1,426,770,000	52.31%	475,590,000	17.44%
Total	**909,090,000**	**100.00%**	**2,727,270,000**	**100.00%**	**2,727,270,000**	**100.00%**
Public float	**583,590,000**	**64.19%**	**1,750,770,000**	**64.19%**	**583,590,000**	**21.39%**

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. Chen Anfeng and Sin Tim Iao are connected persons to the Company by virtue of their equal shareholding in a substantial shareholder of a subsidiary of the Company.

3. Lai Cho Wai is an ex-director of the Company and had been resigned on 29 August 2007 and is a connected person under Chapter 20 of the GEM Listing Rules but not a connected person under Rule 1.01 of the GEM Listing Rules. For the purpose of calculating public float, the Shares held by Lai Cho Wai is considered as a public shareholder of the Company. Lai Pak Leng is the nephew of Lai Cho Wai and is also considered as a public shareholder of the Company.

The Independent Shareholders who are Qualifying Shareholders should note that, should they decide to subscribe for their full provisional allotment entitlements of the Offer 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 Offer Shares with the Bonus Shares, their corresponding interest in the Company will be diluted. In case all the Qualifying Shareholders (other than the Underwriters) decide not to take up the provisional allotments of the Open Offer with the Bonus Shares and the Underwriters has taken up all the provisional allotments in its capacity as the Underwriters, the percentage of shareholding of the other public Shareholders will be reduced from approximately 52.31% to approximately 17.44%.

Other financing alternatives

As advised by the Directors, they have considered alternative means of financing other than an open offer, including arrangement of new bank loans and private placements. However, considering the Group's financial performance for the financial year ended 31 March 2007, in which the Group recorded a net loss of approximately HK$4,262,000, the Directors believe that taking on additional interest-bearing bank borrowings would be impracticable. Private placements of new shares, and open offer 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.

Based on the aforesaid, we concur with the Directors' view that the Open Offer 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 net proceeds of approximately HK$96 million raised from the Open Offer are expected to be applied for (i) approximately HK$49.5 million for potential investments in future business opportunities which include the discloseable transaction as stated in the letter from the Board; (ii) approximately HK$15 million for purchase of properties to be used as the Group's office and staff quarter; (iii) approximately HK$15 million for settlement of borrowings and payables of the Group; and (iv) the remaining balance of approximately HK$16.5 million for general working capital of the Group.

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. 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. In addition, part of the net proceeds will be used to settle the Group's borrowings and payables, which will improve the Group's financial position.

The net proceeds from the Open Offer and Bonus Share Issue will therefore (i) provide the Company with stronger capital base; (ii) 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; and (iii) improving the financial position of the Group through reducing the liabilities of the Group, which can benefit the future business development of the Company and thus Open Offer and Bonus Share Issue are in the interests of the Independent Shareholders and the Company as a whole. As confirmed by the Directors, the Directors have been studying various business opportunities but have not committed on any of them except the JV Subscription.

Based on the foregoing, we are of the view that the Open Offer and the Bonus Share Issue are then fair and reasonable and are thus in the interests of the Independent Shareholders and the Company as a whole.

Financial effects of the Open Offer and the Bonus Share Issue

a. Net asset value

With reference to the audited annual report of the Group as at 31 March 2007, the net asset value of the Group was approximately HK$29,659,000. Assuming the Open Offer and the Bonus Share Issue are approved, the net assets of the Group would increase by approximately HK$96,000,000 immediately after the completion of Open Offer and Bonus Share Issue. We noted that the Open Offer and the Bonus Share Issue would result in a higher net assets value to the Company.

b. Working capital

With reference to the audited annual report of the Group as at 31 March 2007, the Group had approximately HK$20,841,000 of net current liabilities. Assuming the Open Offer and the Bonus Share Issue are approved, the Open Offer would improve the working capital position by approximately HK$96,000,000 immediately after the completion of Open Offer and Bonus Share Issue. We noted that the Open Offer would contribute a better net working capital position for the Company.

c. Gearing ratio (total borrowings/total assets)

With reference to the audited annual report of the Group as at 31 March 2007, the Group had a gearing ratio of approximately 0.19%. Immediately after the completion of the Open Offer, the gearing ratio would be improved immediately after the completion of Open Offer and Bonus Share Issue. We noted that the Open Offer would result in a favourable gearing position to the Company.

CONCLUSION

Having taken into consideration of the following principal factors and reasons regarding the major terms of the Open Offer and the Bonus Share Issue, 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 within range of 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 Open Offer has advantages over the alternative fund raising methods;

e) the uses of the net proceeds are fair and reasonable; and

f) the positive financial effects on the Group in terms of net assets value, working capital position and the gearing ratio,

we are of the view that the Open Offer and the Bonus Share Issue are on normal commercial terms, are fair and reasonable and are in the interests of the Independent Shareholders and the Company as a whole. Accordingly, we advise the Independent Board Committee and the Independent Shareholders to vote and the Independent Shareholders to vote in favour of the Open Offer and the Bonus Share Issue at the SGM.

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

This appendix serves as an explanatory statement under Rule 13.08 of the GEM Listing Rules relating to the proposed New Repurchase Mandate to provide shareholders with all the information reasonable necessary for them to make an informed decision as to whether or not to vote in favour of approving the New Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the Company has issued share capital of 909,090,000 Shares of HK$0.10 each. Subject to the passing of resolution approving the New Repurchase Mandate and on the basis that no further Shares are issued or repurchased prior to the SGM, the Company would be allowed under the New Repurchase Mandate to repurchase a maximum of 90,909,000 Shares until (i) the conclusion of the next annual general meeting; or (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Companies Act 1981 of Bermuda (as amended) to be held; or (iii) the revocation by ordinary resolution of Shareholders in general meeting, whichever is the earliest.

2. REASONS FOR REPURCHASES

A repurchase of Shares may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per share and will only be made when the Directors believe that such purchase will be to the benefit of the Company and the Shareholders.

3. FUNDING OF REPURCHASES

In repurchasing the Shares, the Company may only apply funds entirely from the Company's available cash flow or working capital facilities, which will be funds legally available for such purpose in accordance with the Memorandum of Association and the Bye-Laws and the laws of Bermuda.

It is envisaged that a repurchase of Shares pursuant to the New Repurchase Mandate (including repurchase of maximum number of Shares under such mandate effected in full at any time during the period of the mandate) may have a material adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the latest published audited accounts contained in the annual report for the year ended 31 March 2007 but the Directors do not intend to make repurchases pursuant to the New Repurchase Mandate to such an extent.

4. DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS

None of the Directors or (to the best knowledge of the Directors, having made all reasonable enquiries) any of their associates have a present intention, in the event that the proposed New Repurchase Mandate is approved by shareholders, to sell the Shares to the Company.

No connected person of the Company have notified the Company of a present intention to sell the Shares to the Company and no such persons have undertaken not to do so in the event that the Company is authorized to make purchases of Shares under the New Repurchase Mandate.

5. DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company to make purchases pursuant to the New Repurchase Mandate in accordance with the GEM Listing Rules, Bye-Laws and the applicable laws of Bermuda.

6. TAKEOVERS CODE CONSEQUENCES

If as the result of a repurchase of the Shares a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers ("Takeovers Code"). As a result, a shareholder, or group of shareholders acting in concert, depending on the level of increase of the shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory general offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, Wide Fine International Limited a company wholly-owned by Mr. Wong Kam Leong held 307,500,000 Shares representing approximately 33.83% of the issued Shares. In the event the Directors exercise in full the New Repurchase Mandate, the interest of Wide Fine in the Shares would be increased to approximately 37.58% of the issued Shares. The Directors believe that such increase would give rise to an obligation to make a mandatory offer under Rules 26 and 32 of the Takeovers Code. The Directors have no present intention to exercise the New Repurchase Mandate to such an extent as would result in an obligation under the Takeovers Code.

The Directors are not aware of any Shareholder, or group of Shareholders acting in concert, who will become obliged to make a mandatory general offer under the Takeover Code as a result of repurchases of Shares by the Company.

7. SHARE REPURCHASES MADE BY THE COMPANY

During the six months preceding the date of this circular, no Shares have been repurchased by the Company.

8. SHARE PRICES

During each of the previous twelve months and up to the Latest Practicable Date, the highest and lowest closing prices at which Shares were traded on the Stock Exchange were as follows:

	PER SHARE	
Month	**Highest**	**Lowest**
	HK$	*HK$*
November 2006	0.240	0.200
December 2006	0.220	0.195
January 2007	0.220	0.180
February 2007	0.255	0.210
March 2007	0.260	0.230
April 2007	0.280	0.235
May 2007	0.385	0.240
June 2007	0.710	0.395
July 2007	0.680	0.550
August 2007	0.560	0.365
September 2007	0.590	0.400
October 2007	0.530	0.435
November 2007 (up to the Latest Practicable Date)	0.485	0.440

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 Open Offer and Bonus Share Issue and the full exercise of the Warrants will be, as follows:

Authorised		*HK$*
(i) As at the Latest Practicable Date:		
1,000,000,000	Existing Shares	**100,000,000**
(ii) After completion of the Open Offer and Bonus Share Issue		
10,000,000,000	Adjusted Shares	**100,000,000**
Issued and fully paid		*HK$*
909,090,000	Existing Shares in issue as at the Latest Practicable Date	9,090,900
909,090,000	Offer Shares to be issued pursuant to the Open Offer	9,090,900
909,090,000	Bonus Shares to be issued pursuant to the Bonus Share Issue	9,090,900
2,727,270,000	Adjusted Shares in issue upon completion of the Open Offer and Bonus Share Issue	**27,272,700**
2,909,088,000	Adjusted Shares in issue upon completion of the Open Offer and Bonus Share Issues and full exercise of the Warrants	**29,090,880**

All the Shares in issue, Offer Shares, Bonus Shares and Shares to be issued upon exercise of the Warrants 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.

On 28 August 2007, the Company issued 303,030,000 new ordinary Shares ("Rights Shares") by way of rights issue on the basis of one Rights Share for every existing Shares held on 3 August 2007 at the subscription price of HK$0.13 per Rights Share. In conjunction with the issue of the Rights Shares, the registered holders of fully paid Rights Shares were issued one bonus Shares for every Rights Share successfully subscribed.

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 2007, 2006 AND 2005

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.

	2007	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*
CONTINUING OPERATIONS			
REVENUE	23,735	24,720	24,160
Other income	1,127	330	54
Raw materials and consumables used	(3,240)	(8,040)	(8,910)
Staff costs	(13,724)	(13,407)	(10,798)
Depreciation of property, plant and equipment	(211)	(276)	(424)
Amortisation and impairment loss on intangible assets	–	(578)	(1,279)
Impairment loss on available-for-sale financial assets	–	(330)	–
Impairment loss on trade receivable	(945)	(884)	(507)
Other expenses	(5,462)	(4,447)	(4,438)
Financial costs	(21)	(347)	(272)
Profit/(loss) before taxation	1,259	(3,259)	(2,414)
Income tax expense	–	–	–
Profit/(loss) for the year from continuing operations	1,259	(3,259)	(2,414)
DISCONTINUING OPERATIONS			
(Loss)/Profit for the year from discontinuing operation	(5,521)	6,108	–
(Loss)/Profit for the year	(4,262)	2,849	(2,414)
Attributable to:			
– Equityholders of the parent	(5,992)	2,849	(2,414)
– Minority interest	1,730	–	–
	(4,262)	2,849	(2,414)

	2007	2006	2005
	HK$'000	*HK$'000*	*HK$'000*
(LOSS)EARNINGS PER SHARE			
For continuing and discontinued operations			
Basic (HK cents per share)	(2.25)	1.13	(0.97)
Diluted (HK cents per share)	N/A	N/A	N/A
For continuing operations			
Basic (HK cents per share)	(0.18)	(1.13)	(0.97)
Diluted (HK cents per share)	N/A	N/A	N/A

	2007	2006	2005
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets			
Intangible assets	–	–	578
Goodwill	63,376	–	–
Property, plant and equipment	424	410	389
Available-for-sale financial assets	–	–	–
	63,800	410	1,297
Current assets			
Inventories	–	–	99
Trade receivables	8,523	7,796	3,851
Prepayments, deposits and other receivables	712	1,431	777
Pledged deposits	–	–	5,570
Fixed deposits	–	1,300	–
Cash and bank balances	1,277	5,585	1,494
	10,512	16,112	11,791
Current liabilities			
Trade payables	868	2,425	1,333
Accruals and other payables	4,294	4,039	2,648
Deferred consideration for acquisition	21,577	–	–
Receipts in advance	2,230	2,083	2,131
Amount due to a director	–	–	358
Current portion of long-term bank loan	–	229	520
Current potion of obligations under finance leases	144	108	–
Bank overdrafts, secured	–	–	5,826
Amount due to ultimate holding Company	1,407	1,313	–
Provision for taxation	833	833	–
	31,353	11,030	12,816
Net current assets/(liabilities)	(20,841)	5,082	(1,025)
Total assets less current liabilities	42,959	5,492	272

	2007	2006	2005
	HK$'000	*HK$'000*	*HK$'000*
Non-current liabilities			
Deferred consideration for acquisition	(13,300)	–	–
Obligations under finance leases	–	(54)	–
Long-term bank loan	–	–	(228)
	(13,300)	(54)	(228)
NET ASSETS	29,659	5,438	44
Financed by:			
Share capital	30,303	25,303	25,006
Reserves	(2,374)	(19,865)	(24,962)
Equity attributable to equity holders of the parent	27,929	5,438	44
Minority interest	1,730	–	–
Total equity	29,659	5,438	44

3. AUDITED CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Income Statement
for the year ended 31 March 2007

	Note	2007 HK$'000	2006 HK$'000
CONTINUING OPERATIONS			
REVENUE	6	23,735	24,720
Other income	6	1,127	330
Raw materials and consumables used		(3,240)	(8,040)
Staff costs		(13,724)	(13,407)
Depreciation of property, plant and equipment		(211)	(276)
Amortisation and impairment loss on intangible assets		–	(578)
Impairment loss on available-for-sale financial assets		–	(330)
Impairment loss on trade receivable		(945)	(884)
Other expenses		(5,462)	(4,447)
Finance costs	7	(21)	(347)
Profit/(Loss) before tax		1,259	(3,259)
Income tax expense	8	–	–
Profit/(Loss) for the year from continuing operations		1,259	(3,259)
DISCONTINUED OPERATION			
(Loss)/Profit for the year from discontinued operation	9	(5,521)	6,108
(Loss)/Profit for the year	10	(4,262)	2,849
Attributable to:			
Equity holders of the parent		(5,992)	2,849
Minority interests		1,730	–
		(4,262)	2,849
(LOSS)/EARNINGS PER SHARE	13		
For continuing and discontinued operations			
Basic (HK cents per share)		(2.25)	1.13
Diluted (HK cents per share)		N/A	N/A
For continuing operations			
Basic (HK cents per share)		(0.18)	(1.30)
Diluted (HK cents per share)		N/A	N/A

Balance Sheets
as at 31 March 2007

		Group		Company	
		2007	2006	2007	2006
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets					
Intangible assets	16	–	–	–	–
Goodwill	17	63,376	–	–	–
Property, plant and equipment	18	424	410	–	–
Interests in subsidiaries	19	–	–	61,255	12,577
Available-for-sale financial assets	20	–	–	–	–
		63,800	410	61,255	12,577
Current assets					
Trade receivables	21	8,523	7,796	–	–
Prepayments, deposits and other receivables		712	1,431	–	–
Fixed deposits		–	1,300	–	–
Cash and bank balances		1,277	5,585	–	75
		10,512	16,112	–	75
Current liabilities					
Trade payables	22	868	2,425	–	–
Accruals and other payables		4,294	4,039	2,155	843
Deferred consideration for acquisition	23	21,577	–	21,577	–
Receipts in advance		2,230	2,083	–	–
Current portion of bank loans	24	–	229	–	–
Current portion of obligations under finance leases	25	144	108	–	–
Amount due to ultimate holding company	26	1,407	1,313	265	265
Provision for taxation		833	833	–	–
		31,353	11,030	23,997	1,108
Net current (liabilities)/assets		(20,841)	5,082	(23,997)	(1,033)
Total assets less current liabilities		42,959	5,492	37,258	11,544
Non-current liabilities					
Deferred consideration for acquisition	23	13,300	–	13,300	–
Obligations under finance leases	25	–	54	–	–
		13,300	54	13,300	–
NET ASSETS		29,659	5,438	23,958	11,544

		Group		Company	
		2007	2006	2007	2006
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Capital and reserves					
Share capital	27	30,303	25,303	30,303	25,303
Reserves	29	(2,374)	(19,865)	(6,345)	(13,759)
Equity attributable to equity holders of the parent		27,929	5,438	23,958	11,544
Minority interests		1,730	–	–	–
TOTAL EQUITY		29,659	5,438	23,958	11,544

Consolidated Statement of Changes in Equity
for the year ended 31 March 2007

	Attributable to equity holders of the parent							
	Share capital	Share premium	Merger reserve	Exchange reserve	Accumulated losses	Total	Minority interests	Total
	HK$'000	*HK$'000*	*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	–	44
Exchange differences arising on translation of foreign operations	–	–	–	(9)	–	(9)	–	(9)
Loss recognised directly in equity	–	–	–	(9)	–	(9)	–	(9)
Profit for the year	–	–	–	–	2,849	2,849	–	2,849
Total recognised income and expenses	–	–	–	(9)	2,849	2,840	–	2,840
Issue of shares exercise of share options *(Note 28)*	297	2,257	–	–	–	2,554	–	2,554
At 31 March 2006 and 1 April 2006	25,303	7,870	(341)	(68)	(27,326)	5,438	–	5,438
Exchange differences arising on translation of foreign operations	–	–	–	(17)	–	(17)	–	(17)
Loss recognised directly in equity	–	–	–	(17)	–	(17)	–	(17)
Loss for the year	–	–	–	–	(5,992)	(5,992)	1,730	(4,262)
Total recognised income and expenses	–	–	–	(17)	(5,992)	(6,009)	1,730	(4,279)
Issue of shares	5,000	23,500	–	–	–	28,500	–	28,500
At 31 March 2007	30,303	31,370	(341)	(85)	(33,318)	27,929	1,730	29,659

Consolidated Cash Flow Statement
for the year ended 31 March 2007

	2007	2006
	HK$'000	*HK$'000*
Operating activities		
(Loss)/Profit for the year	(4,262)	2,849
Adjustments for:		
Income tax expense	–	833
Finance costs	21	347
Depreciation of property, plant and equipments	219	284
Amortisation of intangible assets	–	217
Impairment loss on intangible assets	–	361
Impairment loss on available for sale financial assets	–	330
Interest income	(16)	(153)
Operating cash flows before working capital changes	(4,038)	5,068
Decrease in inventories	–	99
Increase in trade receivables, prepayments, deposits and other receivables	(7)	(4,599)
(Increase)/Decrease in trade payables, accruals, other payables and receipts in advance	(1,155)	2,435
Increase in amount due to ultimate holding company	–	1,313
Cash (used in)/generated from operations	(5,200)	4,316
Interest paid	(21)	(347)
Interest received	16	153
Net cash (used in)/generated from operating activities	(5,205)	4,122
Investing activities		
Purchase of property, plant and equipment	(112)	(305)
Net cash used in investing activities	(112)	(305)
Financing activities		
Inception of finance lease	–	216
Repayment of obligations under finance leases	(139)	(54)
Repayment of bank loans	(229)	(519)
Repayment to a director	–	(358)
Advance from ultimate holding company	94	–
Proceeds from issue of shares	–	2,554
Net cash (used in)/generated from financing activities	(274)	1,839

	2007 *HK$'000*	2006 *HK$'000*
Net (decrease)/increase in cash and cash equivalents	(5,591)	5,656
Cash and cash equivalents at the beginning of the year	6,885	1,238
Effect of foreign exchange rate changes	(17)	(9)
Cash and cash equivalents at the end of the year	1,277	6,885
Analysis of balances of cash and cash equivalents		
Cash and bank balances	1,277	5,585
Fixed deposits	–	1,300
	1,277	6,885

Notes to the Financial Statements

31 March 2007

1. CORPORATE 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 Room 1309, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

The Company is an investment holding company. During the year, its subsidiaries were principally engaged in sales of computer software and hardware, provision of related technical support and maintenance services, provision of marketing services and sharing of profits relating to gaming activities in Macau.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), generally accepted accounting principles in Hong Kong and the applicable disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules.

These financial statements have been prepared under the historical cost convention except for available-for-sale financial assets which are measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK$'000) except when otherwise stated.

Going concern

These financial statements have been prepared on a going concern basis, which contemplates the realisation of assets and satisfaction of liabilities in the normal course of business. As at 31 March 2007, the Group had net current liabilities of approximately $20,841,000 and incurred a loss attributable to the equity holders of the parent of approximately HK$5,992,000 for the year ended 31 March 2007. These conditions indicate that the Group may need additional financing to meet cash requirements for its operations to continue as a going concern.

As described in note 34, subsequent to the balance sheet date, the Company proposed to raise approximately HK$36 million net of estimated expenses by way of rights issue of one rights share for every existing share at a subscription price of HK$0.13 per rights share. The proposed rights issue is fully underwritten by Sun Hung Kai International Limited pursuant to the terms and conditions of the underwriting agreement dated 23 May 2007. The directors of the Company are of the opinion that actions presently being taken to obtain additional funding will enable the Group to have sufficient working capital for its current requirement. The directors further believe that the current loss-making situation is temporary and the Group will turn around in the near future. Therefore, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the recorded amounts of assets to their recoverable amounts, to provide for further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities. The effects of these potential adjustments have not been reflected in these financial statements.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries (collectively the "Group") made up to 31 March. The results of the subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. All significant intercompany transactions and balances and any unrealised profits arising from intercompany transactions within the Group are eliminated on consolidation.

3. ADOPTION OF NEW AND REVISED HKFRSS

In the current year, the Group has adopted a number of new HKFRSs, amendments to Hong Kong Accounting Standards ("HKASs") and Interpretations ("Ints") (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA that are relevant to its operations and effective for accounting periods beginning on or after 1 December 2005 or 1 January 2006. The adoption of these new HKFRSs did not result in substantial changes to the Group's accounting polices and amounts reported for the current year and prior years.

The Group has not early adopted the following new HKFRSs, that have been issued but are not yet effective:

		Effective for annual periods beginning on or after
HKAS 1 (Amendment)	Capital Disclosures	1 January 2007
HKFRS 7	Financial Instruments: Disclosures	1 January 2007
HKFRS 8	Operating Segments	1 January 2009
HK(IFRIC) – Int 8	Scope of HKFRS 2	1 May 2006
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives	1 June 2006
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment	1 November 2006
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions	1 March 2007
HK(IFRIC) – Int 12	Service Concession Arrangements	1 January 2008

The directors of the Company anticipate that the application of the above new HKFRSs will have no material impact on the results and financial position of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 "Business Combinations" are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

(b) Goodwill

Goodwill arising on acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant subsidiary or jointly controlled entity at the date of acquisition. Goodwill is carried at cost less any accumulated impairment losses.

Goodwill is tested annually for impairment and is allocated to cash-generating units for the purposes of impairment testing.

Gain or loss on disposal of an entity include the carrying value of goodwill relating to the entity sold.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Subsidiaries and minority interests

A subsidiary is a company in which the 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.

Minority interests represent the portion of the net assets of subsidiaries attributable to interests not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interest which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Minority interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Company.

Where losses applicable to the minority interests exceed the minority's interest in the equity of a subsidiary, the excess, and any future losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and, where it is probable that the economic benefits will flow to the Group and the revenue and costs incurred or to be incurred in respect of the transaction can be measured reliably, is recognised as follows:

(i) Sales of goods are 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) Service income is recognised when services are provided.

(iii) Revenue from sharing of profits is recognised when the right to receive profit is established.

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

(v) Dividend income from securities and other investments is recognised when the right to receive payment is established.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is calculated on the straight-line basis to write off the cost of each asset over its estimated useful life. The principal annual rates used for this purpose 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%

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 Group.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Intangible assets

(i) Research and development costs

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

(ii) Software

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

(g) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation, and 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 recognised 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 at the lowest levels for which there are separately identifiable cash flows (i.e. cash-generating units).

(h) Financial assets

The Group classifies its financial assets into loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised or derecognised on a trade date basis. Regular way purchases or sales are purchases and sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables, bank deposits and balances) are carried at amortised cost using the effective interest method, less any identified impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Gains or losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

4. **SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

(h) **Financial assets** *(Continued)*

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets in listed and unlisted equity securities that are designated as available for sale or are not classified as any of the other categories of financial assets. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the income statement.

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the balance sheet at cost less impairment losses.

(i) **Financial liabilities**

(i) Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs, and are subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in income statement over the period of the borrowing using the effective interest method.

(ii) Trade and other payables

Trade and other payables (including amounts due to related parties) are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

(j) **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and which have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

(k) **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 Group. 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 property, plant and equipments, 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 property, plant and equipments as set out in note 4(E) and 4(G) respectively, except that 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Leases *(Continued)*

(ii) 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.

(l) Income tax

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.

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.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred taxation liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profits will be available against which deductible temporary differences, and the carryforward of unused tax assets and unused tax losses can be utilized. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax law) that have been enacted or substantively enacted at the balance sheet date.

(m) Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

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 recognized 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) 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 income statements are translated into Hong Kong dollars at the average exchange rate for the year. The resulting exchange differences are included in the exchange reserve within equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

For the purposes 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.

(o) Employee benefits

Salaries, annual bonuses, paid annual leave, leave passage and the cost to the Group 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 number of defined contribution retirement plans, the assets of which are held in separate trustees administered funds. The Group's contributions to the defined contribution retirement plans are expensed when the employees have rendered services entitling them to the contributions.

(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) 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 of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) 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.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies which are described in note 4, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the review and future periods in the revision affects both current and future periods.

Critical judgments in applying accounting policies

Deferred consideration for acquisition

As described in notes 23 and 31, the Group acquired Right Gateway on deferred payment terms contingent on the future profits achieved by Right Gateway through Right Idea. On acquisition date, estimates are made of the expected future revenue and profit based on forecasts made by management. These estimates are re-assessed at each reporting date and adjustments are made to the deferred consideration and related goodwill balances, where necessary. Amounts of deferred consideration payable after one year are discounted using discount rates that reflect the current market assessment of the time value of money and, where appropriate, the risks specific to the acquired business.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

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 of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. The carrying amount of the goodwill at 31 March 2007 was HK$63,376,000 (2006: nil). More details are given in note 17.

(ii) Impairment of trade receivable

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

6. REVENUE AND SEGMENT INFORMATION

Revenue represents the Group's turnover and comprised:

	2007	**2006**
	HK$'000	*HK$'000*
REVENUE		
Continuing operations		
Sales of customised software and related computer equipment	14,919	17,828
Sales and lease of packaged software	–	977
Technical support and maintenance service income	3,051	5,915
Profits assigned from a junket representative of a VIP lounge of a casino in Macau	5,765	–
	23,735	24,720
Discontinued operation		
Income from marketing, rolling and settlement services for a VIP lounge of a casino in Macau *(Note 9)*	11,697	22,778
	35,432	47,498
OTHER INCOME – continuing operations		
Interest income	16	153
Sundry income	99	115
Write-back of provision for impairment of trade receivable	945	–
Government grant	–	30
Other service income	67	32
	1,127	330

6. REVENUE AND SEGMENT INFORMATION *(Continued)*

Primary reporting format – business segments

The Group is organised into the following major business segments:

(i) Sales of customised software and related computer equipment;

(ii) Provision of technical support and maintenance services;

(iii) Marketing, rolling and settlement services for gaming activities in Macau; and

(iv) Sharing of profits of a junket representative of a VIP lounge of a casino in Macau.

During the year, the segment for the sales and lease of packaged software was inactive and did not generate any revenue or income.

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

	2007					
	Continuing operations				Discontinued operation	
	Customised software and related computer equipment	Technical support and maintenance	Sharing of profits of a Macau casino junket representative	Total	Marketing service for gaming activities in Macau	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	14,919	3,051	5,765	23,735	11,697	35,432
Segment results	(342)	192	5,765	5,615	(5,521)	94
Interest and unallocated income						1,127
Unallocated corporate expenses						(5,462)
Finance costs						(21)
Loss before tax						(4,262)
Income tax expense						–
Loss for the year						(4,262)
Segment assets	4,175	854	69,283	74,312	–	74,312
Segment liabilities	4,957	885	37,978	43,820	833	44,653
Other information						
Depreciation and amortisation	178	33	–	211	8	219
Capital expenditure	188	45	–	233	–	233

6. REVENUE AND SEGMENT INFORMATION *(Continued)*

	2006					
	Continuing operations				Discontinued operation	
	Customised software and related computer equipment	Packaged software	Technical support and maintenance	Total	Marketing service for gaming activities in Macau	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	17,828	977	5,915	24,720	22,778	47,498
Segment results	1,728	466	1,865	4,059	6,941	11,000
Interest and unallocated income						330
Unallocated corporate expenses						(7,301)
Finance costs						(347)
Profit before tax						3,682
Income tax expense						(833)
Profit for the year						2,849
Segment assets	8,016	439	2,660	11,115	5,407	16,522
Segment liabilities	6,263	343	2,079	8,685	2,399	11,084
Other information						
Depreciation and amortisation	356	20	117	493	8	501
Impairment losses on intangible assets	261	14	86	361	–	361
Unallocated impairment loss on available-for-sale financial assets	–	–	–	–	–	330
Capital expenditure	197	11	66	274	31	305

6. REVENUE AND SEGMENT INFORMATION *(Continued)*

Secondary reporting format – Geographical segments

The Group mainly operates in Hong Kong, Macau and the People's Republic of China (excluding Hong Kong and Macau) ("PRC"). In presenting information on the basis of geographical segments, segment revenue is analysed based on the geographical location of customers whereas segment assets and capital expenditures are based on geographical location of the assets.

	Revenue from external customers					
	Continuing operations		Discontinued operation		Consolidated	
	2007	2006	2007	2006	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	16,243	24,720	–	–	16,243	24,720
Macau	5,765	–	11,697	22,778	17,462	22,778
PRC	1,727	–	–	–	1,727	–
	23,735	24,720	11,697	22,778	35,432	47,498

	Segment assets					
	Continuing operations		Discontinued operation		Consolidated	
	2007	2006	2007	2006	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	4,175	10,810	–	–	4,175	10,810
Macau	69,283	–	–	5,407	69,283	5,407
PRC	854	305	–	–	854	305
	74,312	11,115	–	5,407	74,312	16,522

	Capital expenditure					
	Continuing operations		Discontinued operation		Consolidated	
	2007	2006	2007	2006	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	226	305	–	–	226	305
Macau	–	–	–	–	–	–
PRC	7	–	–	–	7	–
	233	305	–	–	233	305

7. FINANCE COSTS

	2007	2006
	HK$'000	*HK$'000*
Continuing operations		
Interest on bank loans and overdrafts wholly repayable with five years	14	341
Interest element of finance leases	7	6
	21	347

8. INCOME TAX EXPENSE

Hong Kong profits tax has been calculated at 17.5% (2006: 17.5%) of the estimated assessable profit for the year. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Income tax expense for the year comprised:

	2007	2006
	HK$'000	*HK$'000*
Continuing operations	–	–
Discontinued operation		
Current tax - overseas	–	833
	–	833

A reconciliation of the theoretical tax amount calculated using the statutory tax rate to the actual tax expense is as follows:

	2007	2006
	HK$'000	*HK$'000*
(Loss)/Profit before tax:		
Continuing operations	1,259	(3,259)
Discontinued operation	(5,521)	6,941
	(4,262)	3,682
Tax calculated at Hong Kong profits tax rate of 17.5%	(746)	644
Effect of different tax rates in other jurisdictions	(865)	(418)
Tax effect of income not subject to tax	(270)	47
Tax effect of expenses not deductible for tax	674	92
Tax effect of temporary differences not recognised	248	143
Tax effect of tax losses utilised	–	(139)
Tax effect of tax losses not recognised	959	464
Tax expense for the year	–	833

9. DISCONTINUED OPERATION

On 28 February 2007, the Group entered into an agreement for the termination of the marketing agreement to provide marketing, rolling and settlement services for a VIP lounge of a casino in Macau. In this connection, a compensation of HK$6,000,000 was paid by the Group and recognised as an expense in the income statement.

The combined results and cash flows of the discontinued operation included in the consolidated income statement and the consolidated cash flow statement are set out below.

	2007	**2006**
	HK$'000	*HK$'000*
(Loss)/Profit for the year from discontinued operation		
Revenue *(Note 6)*	11,697	22,778
Expenses	(17,218)	(15,837)
(Loss)/Profit before tax	(5,521)	6,941
Income tax expense	–	(833)
(Loss)/Profit for the year from discontinued operation	(5,521)	6,108
Cash flows from discontinued operation		
Net cash flows from operating activities	(1,459)	6,108
Net cash flows from investing activities	–	–
Net cash flows from financing activities	–	–
Net cash flows	(1,459)	6,108

10. (LOSS)/PROFIT FOR THE YEAR

(Loss)/Profit for the year is stated after charging the following:

	Continuing operations		**Discontinued operation**		**Consolidated**	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Advertising and promotion costs	315	349	–	–	315	349
Auditors' remuneration	560	280	–	–	560	280
Amortisation of intangible assets	–	217	–	–	–	217
Depreciation:						
Owned assets	172	247	8	8	180	255
Leased assets	39	29	–	–	39	29
	211	276	8	8	219	284
Impairment losses:						
Intangible assets	–	361	–	–	–	361
Available-for-sale financial assets	–	330	–	–	–	330
Minimum lease payments under operating leases in respect of leased premises	1,584	1,251	–	–	1,584	1,251
Staff costs including directors' emoluments *(note 14)*	13,724	13,407	3,131	–	16,855	13,407

11. LOSS ATTRIBUTABLE TO SHAREHOLDERS

The loss attributable to equity holders of the parent dealt with in the accounts of the Company was approximately HK$16,086,000 (2006: HK$1,874,000).

12. DIVIDEND

No dividend has been paid or declared by the Company during the year or since the balance sheet date (2006: nil).

13. (LOSS)/EARNINGS PER SHARE

For continuing and discontinued operations

The calculation of the basic (loss)/earnings per share attributable to ordinary equity holders of the parent is based on the Group's loss attributable to equity holders of the parent for the year of HK$5,992,000 (2006: profit of HK$2,849,000) and on the weighted average number of 265,906,712 (2006: 251,461,767) ordinary shares in issue during the year.

For continuing operations

The calculation of the basic (loss)/earnings per share from continuing operations attributable to ordinary equity holders of the parent is based on the following:

	2007	**2006**
	HK$'000	*HK$'000*
(Loss)/Profit for the year attributable to equity holders of the parent	(5,992)	2,849
Less: Loss/(Profit) for the year from discontinued operation	5,521	(6,108)
Loss for the purposes of basic loss per share from continuing operations	(471)	(3,259)
Weighted average number of ordinary shares	265,906,712	251,461,767

For discontinued operation

Basic loss per share for the discontinued operation is HK2.07 cent per share (2006: earnings HK2.43 cents per share), based on the loss for the year from discontinued operation of HK$5,521,000 (2006: profit HK$6,108,000) and on the weighted average number of 265,906,712 (2006: 251,461,767) ordinary shares in issue during the year.

Diluted (loss)/earnings per share

Diluted loss per share is not presented for the year ended 31 March 2007 as the Group had no potential dilutive ordinary shares as at the balance sheet date.

Diluted earnings per share is not presented for the year ended 31 March 2006 as the outstanding share options of the Company had anti-dilutive effects on the basic earnings per share.

14. STAFF COSTS INCLUDING DIRECTORS' EMOLUMENTS

	Continuing operations		**Discontinued operation**		**Consolidated**	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Salaries and benefits	13,257	12,936	3,131	–	16,388	12,936
Contributions to defined contribution retirement schemes*	467	471	–	–	467	471
	13,724	13,407	3,131	–	16,855	13,407

* 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 2007 and 31 March 2006.

15. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' Emoluments

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

	2007	**2006**
	HK$'000	*HK$'000*
Fees	150	24
Salaries including benefits in kind	1,680	1,627
Performance related bonus	2,475	–
Contributions to defined contribution retirement scheme	18	22
	4,323	1,673

The remuneration of each individual director is set out below:

2007

	Fees	**Salaries, allowances and benefits in kind**	**Performance related bonus**	**Retirement scheme contributions**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors					
Wong Kam Leong	–	–	–	–	–
Lau Chiu Pui (resigned on 28 December 2006)	–	1,200	–	18	1,218
Lai Cho Wai	–	240	1,238	–	1,478
Ma Chon	–	240	1,237	–	1,477
Independent non-executive directors					
Ieong Meng Wa (appointed on 7 April 2006)	50	–	–	–	50
Ng Kwok Chu, Winfield	50	–	–	–	50
Ng Chau Tung, Robert	50	–	–	–	50
	150	1,680	2,475	18	4,323

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

(a) Directors' Emoluments *(Continued)*

2006

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

During the year, no option was granted to the directors in respect of their services to the Group (2006: nil).

There was no arrangement under which a director waived or agreed to waive any emoluments for the year (2006: nil).

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

(b) Five Highest Paid Individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2006: one) director whose emoluments are reflected in the analysis presented above.

The emoluments payable to the remaining two (2006: four) individuals during the year are as follows:

	2007	**2006**
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	1,126	2,326
Retirement scheme contributions	24	48
	1,150	2,374

The emoluments fell within the following band:

	Number of individuals	
	2007	**2006**
Nil - HK$1,000,000	2	4

16. INTANGIBLE ASSETS

	Group		
	Development expenditures	**Software**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Cost			
At 1 April 2005 and 31 March 2006	8,268	1,300	9,568
At 1 April 2006 and 31 March 2007	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 1 April 2006 and 31 March 2007	8,268	1,300	9,568
Carrying amount			
At 31 March 2007	–	–	–
At 31 March 2006	–	–	–

17. GOODWILL

	Group	
	2007	**2006**
	HK$'000	*HK$'000*
Cost and carrying amount		
At 1 April 2005	–	–
At 31 March 2006 and 1 April 2006	–	–
Acquisition of subsidiaries *(note 31)*	63,376	
At 31 March 2007	63,376	–

Impairment test for goodwill

Goodwill as of 31 March 2007 has entirely been allocated to the Group's cash-generating unit (CGU) being the segment for the sharing of profits of a junket representative of a VIP lounge of a casino in Macau, which is identified according to business segments.

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections covering a five-year period based on financial forecasts approved by management. Cash flows beyond the five-year period are extrapolated using the estimated rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

Key assumptions used for value-in-use calculations in respect of the segment for the sharing of profits of a junket representative of a VIP lounge of a casino in Macau are as follows:

	2007	**2006**
Growth rate	3.00%	–
Discount rate	7.93%	–

Management prepared the financial forecasts based on past performance and its expectation for the relevant market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rate used is pre-tax and reflects specific risks relating to the gaming industry in Macau.

18. PROPERTY, PLANT AND EQUIPMENT

	Group				
	Leasehold improvement	**Furniture and fixtures**	**Computer equipment**	**Motor vehicles**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost					
At 1 April 2005	489	1,088	2,371	457	4,405
Additions	–	10	295	–	305
At 31 March 2006 and 1 April 2006	489	1,098	2,666	457	4,710
Additions	23	-	210	–	233
Disposals	–	–	(273)	–	(273)
At 31 March 2007	512	1,098	2,603	457	4,670
Accumulated depreciation					
At 1 April 2005	419	1,059	2,081	457	4,016
Charges for the year	70	16	198	–	284
At 31 March 2006 and 1 April 2006	489	1,075	2,279	457	4,300
Charges for the year	8	17	194	–	219
Write-back on disposals	–	–	(273)	–	(273)
At 31 March 2007	497	1,092	2,200	457	4,246
Carrying amounts					
At 31 March 2007	15	6	403	–	424
At 31 March 2006	–	23	387	–	410

As at 31 March 2007, the carrying amount of property, plant and equipment held under finance leases amounted to approximately HK$187,000 (2006: HK$188,000).

19. INTERESTS IN SUBSIDIARIES

	Company 2007	Company 2006
	HK$'000	*HK$'000*
Unlisted shares, at cost	63,795	418
Due from subsidiaries	29,478	29,478
Due to subsidiaries	(2,392)	(842)
	90,881	29,054
Provision for impairment losses	(29,626)	(16,477)
	61,255	12,577

The following is a list of subsidiaries as at 31 March 2007:

Name	Place of incorporation and operation	Particulars of issued share capital/ registered capital	Effective equity interest attributable to the Company Directly	Effective equity interest attributable to the Company Indirectly	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 each	–	100%	Marketing service for gaming activities in Macau before October 2006, but ceased operation thereafter
Right Gateway Limited	British Virgin Islands	100 ordinary shares of US$1 each	100%	–	Investment holding
Right Idea Investments Limited	British Virgin Islands	100 ordinary shares of US$1 each	–	70%	Sharing of profits of a casino junket representative
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%	Trading of software and hardware equipment
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

19. INTERESTS IN SUBSIDIARIES *(Continued)*

Name	Place of incorporation and operation	Particulars of issued share capital/ registered capital	Effective equity interest attributable to the Company Directly	Indirectly	Principal activities
MagicPlus Solutions Limited	Hong Kong	750,000 ordinary shares of HK$1 each	–	60%	Lease of software licences, trading of hardware equipment and provision of consultancy services
Mcmanners Management Limited	British Virgin Islands	10,000 ordinary shares of US$1 each	100%	–	Investment holding
Parkfield (China) Limited	Hong Kong	2 ordinary shares of HK$1 each	–	100%	Investment holding
SchoolPlus Limited	Hong Kong	2 ordinary shares of HK$1 each	–	100%	Trading of software and hardware equipment
Shilesse (Changsha) Limited[#]	PRC	HK$350,000	–	60%	Inactive
Shilesse Management Consultant Limited	Hong Kong	10 ordinary shares of HK$1 each	–	60%	Investment holding
Unlimited Solutions Limited	Hong Kong	1 ordinary share of HK$1 each	–	100%	Trading of software and hardware equipment

[#] wholly-foreign-owned enterprise established in the PRC

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group 2007 HK$'000	Group 2006 HK$'000
Unlisted equity securities, at cost	1,850	1,850
Club debenture, at cost	330	330
Less: Provision for impairment losses	(2,180)	(2,180)
	–	–

21. TRADE RECEIVABLES

The ageing analysis of trade receivables is as follows:

	Group	
	2007	**2006**
	HK$'000	*HK$'000*
Within three months	7,745	6,878
Over three months and within six months	536	718
Over six months and within one year	225	128
Over one year and within two years	17	72
	8,523	7,796

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 the marketing service sector.

22. TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	Group	
	2007	**2006**
	HK$'000	*HK$'000*
Within three months	126	2,346
Over three months and within six months	–	29
Over six months and within one year	–	–
Over one year and within two years	742	50
	868	2,425

23. DEFERRED CONSIDERATION FOR ACQUISITION

The deferred consideration arose from the acquisition of Right Gateway, which is more fully described in note 31, made on deferred payment terms. The deferred payments are contingent on the future profits recorded by Right Gateway over a period of two years.

Maturity analysis of the deferred consideration is as follows:

	Group	
	2007	**2006**
	HK$'000	*HK$'000*
Within one year	21,577	–
Between two and five years	13,300	–
	34,877	–

24. BANK LOANS

	Group 2007	Group 2006
	HK$'000	*HK$'000*
Bank loans, unsecured, repayable within one year	–	229

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

25. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2007	2006	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amount payable:				
Within one year	162	118	144	108
In the second to fifth years	–	59	–	54
	162	177	144	162
Future finance charges	(18)	(15)	–	–
Present value of lease obligations	144	162	144	162
Amount classified as current liabilities			(144)	(108)
Amount classified as non-current liabilities			–	54

It is the Group's policy to lease certain of its office equipment under finance leases. The average lease term is one to two years. Interest rates underlying all obligations under finance leases are fixed at the respective contract dates ranging from 6 to 8%. These leases have no terms of renewal and escalation clauses. No arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessors' charge over the leased assets.

26. AMOUNT DUE TO ULTIMATE HOLDING COMPANY

The amount is unsecured, interest-free and repayable on demand.

27. SHARE CAPITAL

	Number of shares		Amount	
	2007	**2006**	**2007**	**2006**
	'000	*'000*	*HK$'000*	*HK$'000*
Authorised				
Ordinary shares of HK$0.1 each	1,000,000	1,000,000	100,000	100,000
Issued and fully paid				
At beginning of year	253,030	250,060	25,303	25,006
Exercise of share options	–	2,970	–	297
Issue of shares as consideration for acquisition	50,000	–	5,000	–
At end of year	303,030	253,030	30,303	25,303

On 28 December 2006, the Company issued and allotted 50,000,000 ordinary shares credited as fully paid as part of the consideration for the acquisition of Right Gateway, which is more fully described in note 31.

During the year ended 31 March 2006, 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.

28. SHARE OPTIONS

(a) Share option scheme adopted on 1 August 2000

Pursuant to the share option scheme (the "2000 Scheme") adopted by the Company on 1 August 2000, the Board were authorised 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 2000 Scheme were exercisable from 4 September 2000 to 3 September 2010 at an exercise price of HK$1.18.

Movements in the number of options outstanding under the 2000 Scheme during the year are as follows:

	2007	**2006**
At 1 April	–	4,276,000
Exercised	–	(2,000,000)
Lapsed	–	(2,276,000)
At 3l March	–	–

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 2000 Scheme, the outstanding options issued under the 2000 Scheme lapsed on 29 March 2006, being 6 months from the change of control of the Company.

28. SHARE OPTIONS *(Continued)*

(b) Share option scheme adopted on 18 August 2003

A new share option scheme (the "2003 Scheme") was approved and adopted by the shareholders of the Company at an annual general meeting held on 18 August 2003. Under the 2003 Scheme, the directors of the Company were 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 2006 to 13 June 2009 respectively were granted under the 2003 Scheme at an exercise price of HK$0.2.

On 18 August 2003, the 2000 Scheme was terminated and replaced by the 2003 Scheme. Since then, no further option could be granted under the 2000 Scheme while all options granted prior to such termination continued to be valid and exercisable.

Movements in the number of options outstanding under the 2003 Scheme during the year are as follows:

	2007	**2006**
At 1 April	–	1,114,000
Exercised	–	(970,000)
Lapsed	–	(144,000)
At 3l March	–	–

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.

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

In accordance with the conditions of the 2003 Scheme, the outstanding options issued under the 2003 Scheme lapsed on 29 March 2006, being 6 months from the change of control of the Company.

(c) Share option scheme adopted on 21 August 2006

A new share option scheme (the "2006 Scheme") was approved and adopted by the shareholders of the Company at an annual general meeting held on 21 August 2006. Under the 2006 Scheme, the directors of the Company are authorised to grant options to the participants of the Group including any employee, Director, adviser, consultant, licensors, distributors, suppliers, agents, customers, joint venture partners, strategic partners and services providers to or of any member of the Group whom the Board considers in its sole discretion to subscribe for shares of the Company.

On 29 March 2006, the 2003 Scheme was terminated and replaced by the 2006 Scheme. Since then, no further option can be granted under the 2003 Scheme while all options granted prior to such termination continue to be valid and exercisable.

No option has been granted, exercised, cancelled or lapsed under the 2006 Scheme.

29. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

The Group's 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.

(b) 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 and 1 April 2006	7,870	(21,629)	(13,759)
Issue of shares at premium	23,500	–	23,500
Loss for the year	–	(16,086)	(16,086)
At 31 March 2007	31,370	(37,715)	(6,345)

At 31 March 2006 and 2007, the Company had no distributable reserve.

30. DEFERRED TAXATION

As at 31 March 2007, deferred tax asset/(liabilities) have not been recognised in respect of the following temporary differences:

	Group	
	2007	2006
	HK$'000	*HK$'000*
Tax losses	3,668	3,512
Decelerated/(Accelerated) tax depreciation	41	(37)
Provision for impairment of receivables	270	278
	3,979	3,753

Deferred tax assets have not been recognised in respect of the above temporary differences because it is uncertain that there would be sufficient future taxable profits to utilise the tax benefits from them.

31. BUSINESS COMBINATION

Pursuant to an agreement dated 27 July 2006 ("Acquisition Agreement"), on 28 December 2006 ("Completion Date"), the Group completed the acquisition of the entire issued share capital of Right Gateway Limited ("Right Gateway"). According to the Acquisition Agreement, the consideration for the acquisition comprised: (i) HK$30,000,000 in cash ("Cash Payment") subject to adjustment with reference to the quarterly profit of the subsidiary of Right Gateway and payable over a 24-month period; (ii) 50,000,000 shares of the Company credited as fully paid ("Consideration Shares"); and (iii) convertible notes ("Convertible Notes") in the aggregate principal amount of HK$145,200,000 subject to adjustment with reference to the quarterly profit of the subsidiary of Right Gateway. As part of the Acquisition Agreement, the Company also agreed to grant to the vendor a call option ("Call Option") for 50,000,000 shares of the Company at an exercise price of HK$0.99 per share.

Right Gateway's main asset comprises 70% equity interest in Right Idea Investments Limited ("Right Idea"), which in turn is a party to an agreement entitling Right Idea to share the profits generated by a junket representative from its marketing services for a VIP lounge of a casino in Macau.

31. BUSINESS COMBINATION *(Continued)*

Pursuant to the Acquisition Agreement, on the Completion Date, only the Consideration Shares were issued and allotted by the Company to the vendors, whilst the Cash Payment, the Convertible Notes and the Call Option have not yet been paid, released or granted so far.

The net assets acquired and the goodwill arising are as follows:

	Pre-acquisition carrying amount *HK$'000*	**Fair value adjustments** *HK$'000*	**Recognised values on acquisition** *HK$'000*
Other receivable	1	–	1
Net identifiable assets and liabilities	1	–	1
Goodwill on acquisition *(note 17)*			63,376
			63,377
Total consideration satisfied by:			
Shares of the Company			28,500
Deferred consideration *(note 23)*			34,877
			63,377

The deferred consideration is contingent upon the future profit achieved by Right Gateway through Right Idea and to be settled by the Convertible Notes and the Cash Payment. Pursuant to the Acquisition Agreement, the values of the Convertible Notes and the Cash Payment to be released at each quarter end over a period of 2 years from the Completion Date are subject to adjustment as follows:

Quarterly profit of Right Idea	**Adjustment to be made to the Convertible Notes**	**Adjustment to be made to the Cash Payment**
If the relevant quarterly profit is less than HK$11,250,000 ("Guaranteed Profit")	For every HK$1 shortfall from the Guaranteed Profit, the face value of the Convertible Note to be released for that quarter shall be reduced by HK$1.61.	For every HK$1 shortfall from the Guaranteed Profit, the amount of the Cash Payment to be released for that quarter shall be reduced by HK$0.333.
If the relevant quarterly profit is more than the Guaranteed Profit	For every HK$1 excess over the Guaranteed Profit, the face value of the Convertible Note to be released shall be accelerated by HK$1.61, provided that the aggregate face value of all Convertible Notes shall not exceed HK$145,200,000.	For every HK$1 excess over the Guaranteed Profit, the amount of the Cash Payment to be released shall be accelerated by HK$0.333, provided that the aggregate amount of all Cash Payment shall not exceed HK$30,000,000.

Goodwill arose in the acquisition of Right Gateway because the consideration amount included premium paid for the expected revenue growth and future market development of the blooming gaming activities in Macau.

Right Gateway contributed HK$5,765,000 and HK$5,765,000 to the Group's consolidated revenue and consolidated profit attributable to equity holders of the parent for the period from the date of acquisition to the balance sheet date.

If the acquisition of Right Gateway had been completed on 1 April 2006, there would be no material changes to the Group's consolidated revenue and consolidated profit for the year.

32. NON-CASH TRANSACTIONS

During the year, the Company issued and allotted 50,000,000 shares credited as fully paid as part of the consideration for the acquisition of Right Gateway as more fully described in note 31.

During the year, the Group acquired plant and equipment of approximately HK$121,000 (2006: HK$216,000) under finance leases.

33. COMMITMENT UNDER OPERATING LEASES

As at 31 March 2007, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	Group	
	2007	**2006**
	HK$'000	*HK$'000*
Within one year	781	1,879
In the second to fifth years inclusive	–	1,141
	781	3,020

34. POST BALANCE SHEET EVENTS

(a) Proposed rights issue and bonus issue

Subsequent to the balance sheet date, the Company proposed to raise approximately HK$36 million net of estimated expenses by way of rights issue of one rights share for every existing share held on 3 August 2007 at a subscription price of HK$0.13 per rights share. The proposed rights issue is fully underwritten by Sun Hung Kai International Limited pursuant to the terms and conditions of the underwriting agreement dated 23 May 2007. In connection with the proposed rights issue, the Company also proposed a bonus issue of one bonus share for every rights share. The proposed rights issue and bonus issue are conditional upon, among others, the approval of the Company's shareholders at a special general meeting to be held on 3 August 2007.

Details of the proposed rights issue and bonus issue are given in the Company's announcement dated 4 June 2007 and circular dated 28 June 2007.

(b) Supplemental agreement to the acquisition of Right Gateway

On 21 May 2007, the Company and the vendors entered into a conditional supplemental agreement ("Supplemental Agreement") whereby the consideration for the acquisition of Right Gateway as discussed in note 31 would be reduced and would comprise only 50,000,000 Consideration Shares (that were already issued and allotted and credited as fully paid on 28 December 2006) and HK$34,877,000 in cash. Pursuant to the Supplemental Agreement, the vendors also agreed to cancel the agreement to grant Call Option. The Supplemental Agreement is conditional upon: (i) the approval by the Company's independent shareholders (being shareholders of the Company save for its parent and ultimate holding company, Wide Fine International Limited, the vendors and their associates) at the special general meeting to be held on 3 August 2007; and (ii) the proposed rights issue as discussed in paragraph (A) above becoming unconditional.

The transaction contemplated under the Supplemental Agreement constitutes a connected and major transaction under the GEM Rules. In this connection, the Company has established the Independent Board Committee comprising the three Independent Non-executive Directors and appointed an independent financial adviser. The Independent Board Committee having taking into account the advice of the independent financial adviser considers that the terms of the Supplemental Agreement are not in the interests of the Company and its shareholders as a whole and, therefore, recommends the independent shareholders of the Company to vote against the resolution for the approval of the Supplemental Agreement. As a result, no adjustment has been made to these financial statements to reflect the proposed changes to the terms for the deferred consideration for the acquisition of Right Gateway and therefore the deferred consideration has been measured and classified into current and non-current liabilities according to the original terms of the Acquisition Agreement, which are described in note 31.

34. POST BALANCE SHEET EVENTS *(Continued)*

(b) Supplemental agreement to the acquisition of Right Gateway *(Continued)*

Details of the Supplemental Agreement are given in the Company's announcement dated 4 June 2007 and circular dated 28 June 2007.

35. RELATED PARTY TRANSACTIONS

Key management compensation
The Company considers that all members of key management consist of the directors of the Company.

Details of the compensation of directors of the Company during the year are included in note 15 to the financial statements.

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

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include trade and other receivables, bank balances and cash, trade and other payables. Details of these financial instruments are disclosed in their 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's credit risk is primarily attributable to bank deposits, trade and other receivables. The Group's bank deposits are placed with banks of high credit ratings such that the risk of bank failure is minimised. The management continuously evaluates the credit worthiness of each customer and these credit risks are closely monitored on an ongoing basis. At each balance sheet date, the Group reviews the recoverable amount of each individual debt to ensure that adequate impairment losses are made for irrecoverable amounts. Normally the Group does not obtain collateral from customers.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

b) Liquidity risk

The management regularly monitors current and expected liquidity requirements and its compliance with lending covenants, to ensure that the Group maintains sufficient reserves of cash and adequate committed lines of funding from financial institutions to meet its liquidity requirements in the short and longer term.

c) Cash flow interest rate risk

At the balance sheet date, as the Group had no significant interest-bearing assets or borrowings, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

37. PARENT AND ULTIMATE HOLDING COMPANY

The directors regard Wide Fine International Limited, a company incorporated in Hong Kong, as the parent and the ultimate holding company of the Group.

38. COMPARATIVE FIGURES

The comparative income statement has been re-presented as if the operation discontinued during the current year had been discontinued at the beginning of the earliest period presented.

39. APPROVAL OF ACCOUNTS

The accounts were approved and authorised for issue by the board of directors on 29 June 2007.

4. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX MONTHS ENDED 30 SEPTEMBER 2007

UNAUDITED CONSOLIDATED RESULTS

		Unaudited			
		Six months ended 30 September		Three months ended 30 September	
		2007	2006	2007	2006
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Continuing operations					
Revenue	4	13,959	10,713	6,171	5,252
Other income		40	14	16	–
Raw materials and consumables used		(2,652)	(1,935)	(253)	(550)
Staff costs		(9,796)	(6,545)	(6,266)	(3,249)
Depreciation of property, plant and equipment		(86)	(114)	(41)	(49)
Impairment loss on trade receivables		(542)	–	(542)	–
Other operating expenses		(3,374)	(2,539)	(2,278)	(1,462)
Operating loss		(2,451)	(406)	(3,193)	(58)
Finance costs		(229)	(11)	(90)	(4)
Loss before tax		(2,680)	(417)	(3,283)	(62)
Income tax expense	5	–	–	–	–
Loss for the period from continuing operations		(2,680)	(417)	(3,283)	(62)
Discontinued operation					
Profit for the period from discontinued operation		–	2,561	–	453
(Loss)/Profit for the period		(2,680)	2,144	(3,283)	391
Attributable to:					
Equity holders of the parent		(3,734)	2,144	(3,781)	391
Minority interest		1,054	–	498	–
		(2,680)	2,144	(3,283)	391
(Loss)/ Earnings per share	6				
Basic (HK cents per share)					
– From continuing and discontinued operations		(0.90)	0.85	(0.72)	0.15
– From continuing operations		(0.90)	(0.16)	(0.72)	(0.02)
Diluted (HK cents per share)					
– From continuing and discontinued operations		N/A	N/A	N/A	N/A
– From continuing operations		**N/A**	N/A	**N/A**	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	Unaudited 30 September 2007 HK$'000	Audited 31 March 2007 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		480	424
Goodwill		63,376	63,376
Total non-current assets		63,856	63,800
CURRENT ASSETS			
Trade receivables	8	12,270	8,523
Prepayments, deposits and other receivables		1,574	712
Cash and bank balances		3,028	1,277
Total current assets		16,872	10,512
CURRENT LIABILITIES			
Trade payables	9	2,264	868
Accruals and other payables		4,510	4,294
Deferred consideration for acquisition	11	–	21,577
Receipts in advance		1,827	2,230
Current portion of obligations under finance leases		72	144
Amount due to directors		1,076	–
Amount due to ultimate holding company		984	1,407
Provision for taxation		844	833
Other loan	10	1,200	–
Total current liabilities		12,777	31,353
Net current assets/ (liabilities)		4,095	(20,841)
Total assets less current liabilities		67,951	42,959
NON-CURRENT LIABILITIES			
Deferred consideration for acquisition	11	–	13,300
Payable for acquisition	11	4,877	–
Total non-current liabilities		4,877	13,300
Net assets		63,074	29,659
CAPITAL AND RESERVES			
Share capital	12	90,909	30,303
Reserves		(30,619)	(2,374)
Equity attributable to equity holders of the parent		60,290	27,929
Minority interests		2,784	1,730
TOTAL EQUITY		63,074	29,659

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2006

	Unaudited							
	Attributable to equity holders of the parent							
	Share capital	Share premium	Merge reserve	Exchange reserve	Accumu-lated loss	Total	Minority Interest	Total
	HK$'000	*HK$'000*	*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	–	5,438
Profit for the period	–	–	–	–	2,144	2,144	–	2,144
At 30 September 2006	25,303	7,870	(341)	(68)	(25,183)	7,582	–	7,582

For the six months ended 30 September 2007

	Unaudited							
	Attributable to equity holders of the parent							
	Share capital	Share premium	Merge reserve	Exchange reserve	Accumu-lated loss	Total	Minority Interest	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2007	30,303	31,370	(341)	(85)	(33,318)	27,929	1,730	29,659
Loss for the period	–	–	–	–	(3,734)	(3,734)	1,054	(280)
Rights issue	30,303	9,091	–	–	–	39,394	–	39,394
Share issue expenses	–	(3,325)	–	–	–	(3,325)	–	(3,325)
Issue of bonus shares	30,303	(30,303)	–	–	–	–	–	–
Exchange differences arising on translation of foreign operations	–	–	–	26	–	26	–	26
At 30 September 2007	90,909	6,833	(341)	(59)	(37,052)	(60,290)	2,784	63,074

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Six months ended 30 September	
	2007	**2006**
	HK$'000	*HK$'000*
Net cash (used in)/ generated from operating activities	(35,330)	6,338
Net cash used in investing activities	(142)	(149)
Net cash generated from/(used in) financing activities	37,197	(277)
Net increase in cash and cash equivalents	1,725	5,912
Cash and cash equivalents at the beginning of year	1,277	6,885
Effect of foreign exchange rate changes	26	–
Cash and cash equivalents at the end of year	3,028	12,797
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	3,028	12,797

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited and the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA")

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies and method of computation used in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those applied in the Group's audited financial statements for the year ended 31 March 2007.

3. ADOPTION OF NEW AND REVISED HKFRSS

In the current period, the Group has adopted a number of new HKFRSs, amendments to Hong Kong Accounting Standards ("HKASs") and Interpretations ("Ints") (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA that are relevant to the Group and effective for accounting periods beginning on or after 1 April 2007. The adoption of these new HKFRSs did not result in substantial changes to the Group's accounting polices and amounts reported for the current year and prior years.

The Group has not early adopted the new HKFRSs, that have been issued but are not yet effective. The directors of the Company anticipate that the application of the new HKFRSs will have no material impact on the results and financial position of the Group.

4. REVENUE AND SEGMENT INFORMATION

The Group is organized into four major business segments: (i) sales of customized software and related computer equipment; (ii) provision of technical support and maintenance services; (iii) marketing, rolling and settlement services for gambling activities; and (iv) sharing of profits of a junket representative of a VIP lounge of a casino in Macau. An analysis of the Group's turnover and segment profit/(loss) by business segments is as follows:

	Unaudited Six months ended 30 September 2007		**Unaudited Six months ended 30 September 2006**	
	Turnover	**Segment Profit/(Loss)**	**Turnover**	**Segment Profit/(Loss)**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Continuing operations				
Sales of customized software and related computer equipment	7,179	3,523	8,844	7,223
Technical support and maintenance services income	3,747	461	1,869	1,555
Profits assigned from a junket representative of a VIP lounge of a casino in Macau	3,033	3,033	–	–
	13,959	7,017	10,713	8,778
Discontinued operations				
Marketing, rolling and settlement services for a VIP lounge of a casino in Macau	–	–	10,846	2,561
	13,959	7,017	21,559	11,339
Unallocated corporate income		–		14
Finance costs		(229)		(11)
Other unallocated corporate expense		(9,468)		(9,198)
(Loss)/Profit for the period		(2,680)		2,144

	Unaudited Six months ended 30 September 2007		Unaudited Six months ended 30 September 2006	
	Turnover	Segment Profit/(Loss)	Turnover	Segment Profit/(Loss)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	8,925	(6,402)	9,953	(820)
Macau	3,033	3,033	10,846	2,561
The PRC	2,001	689	760	403
	13,959	(2,680)	21,559	2,144

5. INCOME TAX EXPENSE

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 2007.

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 operates, bases on the prevailing legislation, interpretations an practices in respect thereof.

6. (LOSS)/EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic earnings per share attributable to ordinary equity holders of the parent is based on the Group's loss attributable to equity holders of the parent for the six months ended 30 September 2007 of approximately HK$3,734,000 (2006: profit of approximately HK$2,144,000) and on the weighted average number of 415,631,000 (2006: 253,030,000) ordinary shares in issue during the period.

From continuing operations

The calculation of the basic (loss)/earnings per share from continuing operations attributable to ordinary equity holders of the parent is based on the following:

	Unaudited			
	Six months ended 30 September		Three months ended 30 September	
	2007	2006	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
(Loss)/Profit for the year attributable to equity holders of the parent	(3,734)	2,144	(3,781)	391
Less: Profit for the period from discontinued operation	–	2,561	–	453
Loss for the purposes of basic loss per share from continuing operations	(3,734)	(417)	(3,781)	(62)
Number of shares	*'000*	*'000*	*'000*	*'000*
Weighted average number of ordinary shares	415,631	253,030	527,009	253,030

From discontinued operation

Basic earnings per share from the discontinued operation was nil (2006: HK1.01 cent per share), based on the profit from discontinued operation of nil (2006: approximately HK$2,561,000) and on the weighted average number of 415,631,000 (2006: 253,030,000) ordinary shares in issue for the six months ended 30 September 2007.

Diluted earnings per share

Diluted earnings per share is not presented for the six months and the three months ended 30 September 2007 as the Group had no potential dilutive ordinary shares as at the balance sheet date.

Diluted earnings per share is not presented for the six months and the three months ended 30 September 2006 as the outstanding share options of the Company had anti-dilutive effects on the basis loss per share.

7. INTERIM DIVIDEND

The directors do not recommend the payment of interim dividend for the half-yearly period (2006: Nil).

8. TRADE RECEIVABLES

The ageing analysis of trade receivables is as follows:

	Unaudited 30 September 2007 *HK$'000*	Audited 31 March 2007 *HK$'000*
Within three months	3,322	7,745
Over three months but within six months	1,870	536
Over six months but within one year	6,056	225
Over one year	1,022	17
	12,270	8,523

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 customized software, sales of related computer equipment, 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 6 months to the junket representative of a VIP lounge of a casino in Macau.

9. TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	Unaudited 30 September 2007 *HK$'000*	Audited 31 March 2007 *HK$'000*
Within three months	433	126
Over three months but within six months	–	–
Over six months but within one year	–	–
Over one year	1,831	742
	2,264	868

10. OTHER LOAN

	Unaudited 30 September 2007 *HK$'000*	Audited 31 March 2007 *HK$'000*
Repayable within one year	1,200	–

The other loan bears interest at 36% per annum and is secured by a personal guarantee given by the director of the Company.

11. DEFERRED CONSIDERATION/ PAYABLE FOR ACQUISITION

The deferred consideration originally arose from the acquisition of Right Gateway Limited pursuant to an agreement dated 27 July 2006 ("Acquisition Agreement"), as disclosed in the Company's circular dated 31 October 2006, and was contingent upon the future profit to be achieved by Right Gateway Limited through Right Idea Investments Limited and to be settled by convertible notes and cash payment.

On 21 May 2007, the Company together with Mr. Sin Tim Iao and Ms. Chen Anfeng (the "Vendors") and Man Pou Gambling Promotion Company Limited entered into a supplemental agreement ("Supplemental Agreement") in relation to the Acquisition Agreement, which was approved by the independent shareholders of Company at a general meeting held on 3 August 2007.

Pursuant to the Supplemental Agreement, (1) the initial consideration payable under the Acquisition Agreement was reduced to HK$89,877,000 from HK$230,200,000, of which HK$55,000,000 had already been satisfied by the allotment and issue of 50,000,000 shares of the Company at HK$1.1 each to the Vendors on 28 December 2006 at the completion of the Acquisition Agreement; and (2) the balance of the revised consideration amounting to HK$34,877,000 shall be payable in cash by two installments, of which HK$30,000,000 was already paid during the three-month period ended 30 September 2007 whilst the remaining HK$4,877,000 is payable on or before 3 August 2009 (i.e. two years from the date the Supplemental Agreement became effective and unconditional).

Furthermore, according to the Supplemental Agreement, the adjustment mechanism in relation to the initial consideration amount provided for in the Acquisition Agreement, the quarterly profit guarantee and the grant of call option have all been cancelled.

12. SHARE CAPITAL

	Number of shares Six months ended 30 September		**Amount Six months ended 30 September**	
	2007	**2006**	**2007**	**2006**
	'000	*'000*	*HK$'000*	*HK$'000*
Authorised				
Ordinary shares of HK$0.1 each	1,000,000	1,000,000	100,000	100,000
Issued and fully paid:				
At beginning of period	303,030	253,030	30,303	25,303
Rights issue	303,030	–	30,303	–
Issue of bonus shares	303,030	–	30,303	–
At end of period	909,090	253,030	90,909	25,303

During the period, the Company issued 303,030,000 new ordinary shares ("Rights Shares") by way of rights issue on the basis of one Rights Share for every existing share held on 3 August 2007 at the subscription price of HK$0.13 per Rights Share. In conjunction with the issue of the Rights Shares, the registered holders of fully paid Rights Shares were issued one bonus share for every Rights Share successfully subscribed.

13. POST BALANCE SHEET EVENTS

(a) Capital transactions

As disclosed in the Company's announcement dated 7 November 2007, the board of directors of the Company (the "Board") proposes the following:

i. Capital reorganisation ("Capital Reorganisation")

The Board proposes that the nominal value of each issued existing share of the Company be reduced from HK$0.10 to HK$0.01 and each unissued existing share of HK$0.10 in the authorised share capital of the Company be subdivided into 10 adjusted shares of HK$0.01 each, subject to the approval of the shareholders of the Company at a special general meeting to be held.

ii. Bonus warrant issue

The Board also proposes a conditional bonus warrant issue to the shareholders whose names appear on the register of members of the Company on 4 January 2008 ("Record Date") on the basis of two warrants for every ten existing shares held on the Record Date, subject to the approval of the shareholders of the Company at a special general meeting to be held for approving, inter alia, the same and the Capital Reorganisation becoming effective.

iii. Open offer and bonus share issue

The Board further proposes to raise approximately HK$99,999,900 before expenses by way of an open offer ("Open Offer") of 909,090,000 new shares ("Offer Shares") at a price of HK$0.11 per Offer Share on the basis of one Offer Share for every existing share held on the Record Date. In conjunction with the issue of the Offer Shares, the registered holders of fully-paid Offer Shares will be issued one Bonus Share for every Offer Share successfully subscribed by the qualifying shareholders.

(b) Investment in a joint venture

On 29 October 2007, Cherry Oasis (Far East) Limited ("Cherry Oasis"), a wholly owned subsidiary of the Company, and two independent third parties entered into an agreement ("Subscription Agreement") whereby Cherry Oasis has agreed to subscribe for 90% interest in a joint venture company for a consideration of HK$49,500,000. The joint venture company was incorporated under the laws of Hong Kong but has not yet commenced business. The joint venture company intends to engage in money lending business in Hong Kong and will apply for a money lenders license under the Money Lenders Ordinance of Hong Kong. The Subscription Agreement is conditional upon, among others, the completion of the Open Offer and the money lenders license being granted to the joint venture company.

5. BUSINESS REVIEW AND PROSPECTS

The principal activities of the Group comprise developing related business in the gaming and entertainment sectors in Macau, sales of customized software and related computer equipment, and provision of technical support and maintenance services in the Greater China Region. 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. In particular, the management considers that the injection of capital in the money lending business will enhance the business of the Group in the future.

6. INDEBTEDNESS STATEMENT

At the close of the business on 31 October 2007, being the latest practicable date for the purpose of this indebtedness statement, the Group had total outstanding debts of approximately HK$4,544,000. These borrowings comprise amount due to ultimate holding company, obligations under finance leases, and other loan of HK$984,000, HK$60,000 and HK$3,500,000 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.

7. 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 Offer and Bonus Share 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.

8. 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 2007, the date to which the latest published audited financial statements of the Company were made up.

9. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

Set out below is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 31 March 2007 to illustrate the effect of the Open Offer on the consolidated net tangible assets of the Group as if the Open Offer had been completed on 31 March 2007.

This statement has been prepared for illustrative purposes only and because of its nature, it may not give a true picture of the financial position of the Group following the proposed Open Offer.

	Note	*HK$'000*
Audited consolidated net tangible liabilities attributable to equity holders of the Company as of 31 March 2007	1	(33,717)
Net proceeds from the Rights Issue, completed in August 2007		39,400
Unaudited pro forma adjusted consolidated net tangible assets attributable to equity holder of the Company before Open Offer		5,683
Estimated net proceeds from the Open Offer	2	96,200
Unaudited pro forma adjusted consolidated net tangible assets attributable to equity holders of the Company immediately after the Open Offer		101,883
		'000
Number of issued shares of the Company as at 31 March 2007		303,030
Number of shares issued pursuant to the Rights Issue in August 2007		606,060
Number of shares as at the Latest Practicable Date		909,090
Number of Offer Shares to be issued pursuant to the Open Offer		909,090
Number of Bonus Shares to be issued pursuant to the Bonus Share Issue		909,090
Pro forma adjusted number of Shares		2,727,270
Pro forma unaudited adjusted consolidated net tangible assets attributable to equity holders of the Company per Share before the Open Offer		HK0.63 cents
Pro forma unaudited adjusted consolidated net tangible assets attributable to equity holders of the Company per Share immediately after the Open Offer		HK3.74 cents

Notes:

1. The audited consolidated net tangible liabilities of the Group attributable to equity holders of the Company as at 31 March 2007 is arrived at based on the audited consolidated net assets of the Group attributable to equity holders of the Company as at 31 March 2007 of HK$29,659,000, as extracted from the Company's 2006/07 annual report, after deducting the goodwill as of 31 March 2007 of HK$63,376,000.

2. The estimated gross proceeds of the Open Offer amount to HK$99,999,900 based on the offer price of HK$0.11 per share. Expenses associated with the Open Offer are estimated to be approximately HK$3,800,000, resulting in net proceeds of approximately HK$96,200,000.

10. REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is the text of the accountants' report, prepared for the purpose of incorporation in this Circular, received from GC Alliance Limited in connection with the unaudited pro forma statement of adjusted consolidated net tangible assets 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 adjusted consolidated net tangible assets ("Pro Forma Financial Information") of Long Success International (Holdings) Limited (the "Company") and its subsidiaries (collectively the "Group"), 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 909,090,000 new shares ("Offer Shares") by way of open offer of one Offer Share for every existing share held on 4 January 2008 at the offer price of HK$0.11 per Offer Share; and (ii) the proposed issue of 909,090,000 new shares ("Bonus Shares") by way of bonus issue of one Bonus Share for every fully-paid Offer Share ("Bonus Issue"), might have affected the financial information presented, for inclusion in Section 9 of Appendix II to the Company's circular dated 28 November 2007 (the "Circular"). The basis of preparation of the Pro Forma Financial Information is set out on page 102 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 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 2007 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

27 November 2007

Pang Fung Ming
Practising Certificate number P03124

SUMMARY OF THE TERMS OF THE WARRANTS

The Warrants will be issued subject to and with benefit of the Instrument and they will be issued in registered form and will form one class and rank pari passu in all respects with each other.

The principal terms and conditions of the Warrants will be set out in the Warrant Certificates (as defined in the Instrument) and will include provisions to the effect set out below. Warrantholders will be entitled to the benefit of, be bound by, and be deemed to have notice of all such terms and conditions of the Instrument, copies of which will be available at the principal place of business for the time being of the Company in Hong Kong.

1. EXERCISE OF SUBSCRIPTION RIGHTS

(A) The registered holder for the time being of a Warrant will have the right (the "Subscription Rights") for each unit of the Warrants to subscribe in cash the whole or part (in integral multiples of HK$0.055) of the amount in respect of which the Warrant is issued for fully paid new Shares at an initial subscription price of HK$0.055 per Share (subject to the adjustments referred to below) (the "Subscription Price"). The Subscription Rights attaching to the Warrants may be exercised during the subscription period being the period of 12 calendar monthly from the date of issue of the Warrants (currently expected to be 31 January 2008 ("Subscription Period"). The business day falling during the Subscription Period on which any of the Subscription Rights are duly exercised is referred to in this summary as a "Subscription Date". Any Subscription Rights which have not been exercised during the Subscription Period will lapse and the relevant Warrant Certificates (as defined in the Instrument) will cease to be valid for any purpose. Reference in this summary to "Shares" are to the existing Shares of the Company and all other (if any) Shares from time to time and for the time being ranking pari passu therewith.

(B) Each Warrant Certificate (as defined in the Instrument) will contain a subscription form. In order to exercise his Subscription Rights, a Warrantholder must complete and sign the subscription form (which shall, once signed and completed, be irrevocable) and deliver the Warrant Certificate (as defined in the Instrument) (and, if the subscription form used is not the form endorsed on the Warrant certificate, the separate subscription form) to the Registrar, together with a remittance for the relevant subscription monies (or in a case of a partial exercise, the relevant portion of the subscription monies), for the new Shares in respect of which the Subscription Rights are being exercised. In each case compliance must also be made with any exchange control, fiscal or other laws or regulations for the time being applicable.

(C) No fraction of a Share will be allotted but any balance representing fractions of the subscription monies paid on the exercise of the Subscription Rights will be refunded to the person or persons whose name(s) stand(s) in the register of Warrantholders as the holder(s) of the relevant Warrant, provided always that if the Subscription Rights comprised in two or more Warrant Certificate (as defined in the Instrument) are exercised at the same time by the same Warrantholder then, for the purpose of determining whether any (and if so, what) fraction of a Share arises, the Subscription Rights represented by such Warrant Certificate (as defined in the Instrument) shall be aggregated.

(D) The Company has undertaken in the Instrument that Shares falling to be issued upon the exercise of the Subscription Rights will be issued and allotted, subject to any shorter period as prescribed or required by the Stock Exchange from time to time, not later than 28 days after the relevant Subscription Date and will rank pari passu with the fully-paid Shares in issue on the relevant Subscription Date and accordingly shall entitle the holders to participate in all dividends or other distribution paid or made on or before the relevant Subscription Date and other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the relevant Subscription Date and notice of the amount and record date for which shall have been given to the Stock Exchange prior to the relevant Subscription Date.

(E) As soon as practicable after the relevant allotment of Shares (and, subject to any shorter period as prescribed by the Stock Exchange from time to time, not later than 28 days after the relevant Subscription Date) there will be issued free of charge to the Warrantholder of the Warrant represented by this Warrant Certificate (as defined in the Instrument):

(i) a certificate (or certificates) for the relevant Shares in the name of such Warrantholder;

(ii) (if applicable) a balance Warrant Certificate (as defined in the Instrument) in registered form in the name of such Warrantholder in respect of any Subscription Rights represented by this Warrant Certificate (as defined in the Instrument) and remaining unexercised; and

(iii) (if applicable) a refund cheque representing the fractional entitlement to Shares not allotted as mentioned in Sub-paragraph (C) above.

The certificate(s) for Shares arising on the exercise of Subscription Rights, the balance Warrant Certificate (as defined in the Instrument) (if any) and the refund cheque in respect of the fractional entitlements (if any) will be sent by post at the risk of such Warrantholder to the address of such Warrantholder or (in the case of a joint holding) to that one of them whose name stands first in the Register. If the Company agrees, such certificates and cheques may by prior arrangement be retained by the Registrar to await collection by the relevant Warrantholder.

2. ADJUSTMENTS OF SUBSCRIPTION PRICE

The Instrument contains detailed provisions relating to the adjustment of the Subscription Price. The following is a summary of, and is subject to, the adjustment provisions of the Instrument:

(A) The Subscription Price shall (except as mentioned in sub-paragraphs (B) and (C) below) be adjusted as provided in the Instrument in each of the following cases:

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

(ii) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund) and for avoidance of doubt, excludes the bonus share issue announced by the Company on 7 November 2007;

(iii) a Capital Distribution (as defined in the Instrument) being made by the Company, whether on a reduction of capital or otherwise, to holders of its Shares in their capacity as such;

(iv) a grant by the Company to Shareholders (in their capacity as such) of rights to acquire for cash assets of the Company or any of its subsidiaries;

(v) an offer or grant being made by the Company to Shareholders of new Shares by way of rights or of options or warrants to subscribe for new Shares at a price which is less than 90 per cent. of the market price (calculation as provided in the Instrument) and for avoidance of doubt, excludes the open offer announced by the Company on 7 November 2007;

(vi) an issue wholly for cash being made by the Company or any other company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total Effective Consideration (as defined in the Instrument) per Share is less than 90 per cent. of the market price (calculated as provided in the Instrument), or the terms of any such issue being altered so that the said total Effective Consideration is less than 90 per cent. of the market price;

(vii) an issue being made wholly for cash of Shares (other than pursuant to an Employee Share Option Scheme (as defined in the Instrument)) at a price less than 90 per cent. of the market price (calculated as provided in the Instrument); and

(viii) the purchase by the Company of Shares or securities convertible into Shares or any rights to acquire Shares (excluding any such purchases made on the Stock Exchange or any recognised stock exchange, being a stock exchange recognised for this purpose by SFC and the Stock Exchange) in circumstances where the directors of the Company consider that it may be appropriate to make an adjustment to the Subscription Price.

(B) Except as mentioned in sub-paragraph (C) below, no such adjustment as is referred to in sub-paragraphs (ii) to (vii) of sub-paragraph (A) above shall be made in respect of:

(i) an issue of fully-paid Shares upon the exercise of any conversion rights attached to securities convertible into Shares or upon the exercise of any rights (including the Subscription Rights) to acquire Shares;

(ii) an issue of Shares or other securities of the Company or any of its subsidiaries wholly or partly convertible into, or rights to acquire, Shares to directors or employees of the Company or any of its subsidiaries pursuant to an Employee Share Option Scheme (as defined in the Instrument);

(iii) an issue by the Company of Shares or by the Company or any of its subsidiaries of securities wholly or partly convertible into or rights to acquire Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business;

(iv) an issue of fully paid Shares by way of capitalisation of all or part of the Subscription Right Reserve (as defined in the Instrument) (or other profits or reserves) to be established in certain circumstances pursuant to the terms and conditions contained in the Instrument (or any similar reserve which has been or may be established pursuant to the terms of any other securities wholly or partly convertible into, or rights to acquire, Shares); or

(v) an issue of Shares pursuant to a scrip dividend scheme where an amount of not less than the nominal amount of the Shares so issued is capitalised and the market value (calculation as provided in the Instrument) of such Shares is not more than 110 per cent. of the amount of dividend which Shareholders could elect to or would otherwise receive in cash.

(C) Notwithstanding the provisions referred to in sub-paragraphs (A) and (B) above, in any circumstances where the directors of the Company shall consider that an adjustment to the Subscription Price provided for under the said provisions should not be made or should be calculated on a different basis or that an adjustment to the Subscription Price should be made notwithstanding that no such adjustment is required under the said provisions or that an adjustment should take effect on a different date or with a different time from that provided for under the said provisions, the Company may appoint either an approved merchant bank (as defined in the Instrument) or auditors of the Company to consider whether for any reason whatever the adjustment to be made (or the absence of adjustment) would or might not fairly and appropriately reflect the relative interests of the persons affected thereby and, if such approved merchant bank (as defined in the Instrument) or the auditors of the Company (as the case may be) shall consider this to be the case, the adjustment shall be modified or nullified or an adjustment made instead of no adjustment in such manner (including, without limitation, making an adjustment calculated on a different basis) and/or the adjustment shall take effect from such other date and/or time as shall be certified by such approved merchant bank (as defined in the Instrument) or the auditors of the Company (as the case may be) to be in their opinion appropriate.

(D) Any adjustment to the Subscription Price shall be made to the nearest one cent so that any amount under half a cent shall be rounded down and any amount of half a cent or more shall be rounded up. No adjustment shall be made to the Subscription Price in any case in which the amount by which the same would be reduced would be less than one cent and any adjustment which would otherwise then be required shall not be carried forward. No adjustment may be made (except on a consolidation of Share into Shares of a larger nominal amount) which would increase the Subscription Price.

(E) Every adjustment to the Subscription Price will be certified by the auditors of the Company or an approved merchant bank (as defined in the Instrument) in accordance with sub-paragraph (C) above and notice of each adjustment (giving the relevant particulars) will be given to the Warrantholders. In giving any certificate or making any adjustment hereunder, the auditors of the Company or the approved merchant bank (as defined in the Instrument) shall be deemed to be acting as experts and not as arbitrators and in the absence of manifest error, their decision shall be conclusive and binding on the Company and Warrantholders and all persons claiming through or under them respectively. Any such certificate of the auditors of the Company and/or approved merchant bank (as defined in the Instrument) will be available at the principal place of business for the time being of the Company in Hong Kong, where copies may be obtained without charge.

3. REGISTERED WARRANTS

The Warrants are issued in registered form. The Company shall be entitled to treat the registered holder of any Warrant as the absolute owner thereof and accordingly shall not except as ordered by a Court of competent jurisdiction or required by law be bound to recognise any equitable or other claim to or interest in such Warrant on the part of any other person, whether or not it shall have express or other notice thereof.

4. WINDING UP OF THE COMPANY

(a) In the event a notice is given by the Company to its shareholders to convene a shareholders' meeting for the purposes of considering, and if thought fit approving, a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to each Warrantholder and thereupon, every Warrantholder shall be entitled by irrevocable surrender of his Warrant Certificate(s) (as defined in the Instrument) to the Company (such surrender to occur not later than two business days prior to the proposed shareholders' meeting referred to above) with the subscription form(s) duly completed, together with payment of the subscription moneys or the relative portion thereof, to exercise the Subscription Rights represented by such Warrants and the Company shall as soon as practicable and in any event not later than the day immediately prior to the date of the proposed shareholders' meeting allot such number of Shares to the Warrantholder which fall to be issued pursuant to the exercise of the Subscription Rights represented by such Warrants. The Company shall give notice to the Warrantholder of the passing of such resolution within 7 days after the passing thereof.

(b) If an effective resolution is passed during the Subscription Period for the voluntary winding-up of the Company for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the Warrantholders, or some persons designated by them for such purpose by special resolution, shall be a party or in conjunction with which a proposal is made to the Warrantholders and is approved by special resolution, the terms of such scheme of arrangement or (as the case may be) proposal shall be binding on all the Warrantholders.

Subject to the foregoing, if the Company is wound up, all Subscription Rights which have not been exercised at the commencement of the winding-up shall lapse and the Warrant Certificates (as defined in the Instrument) will cease to be valid for any purpose.

5. TRANSFER, TRANSMISSION AND REGISTER

The Subscription Rights represented by the Warrant Certificate (as defined in the Instrument) are transferable, in whole amounts or integral multiples of the Subscription Price for the time being in force, by instrument of transfer in any usual or common form or such other form as may be approved by the directors of the Company, by an instrument of transfer executed under the hands by the authorised person(s). For this purpose, the Company shall maintain the Register and the provisions of the Company's Bye-Laws for the time being in relation to the registration, transfer and transmission of Shares shall apply, mutatis mutandi, to the registration, transfer and transmission of the Warrants and shall have full effect as if the same had been incorporated herein. Additional costs and expenses may be incurred by the Warrantholders in connection with any expedited re-registration of the Warrants prior to transfer or exercise of the Warrants, in particular during the period commencing 10 business days prior to and including the last day of the Subscription Period.

6. CLOSURE OF REGISTER OF WARRANTHOLDERS

The registration of transfers may be suspended and the Register may be closed for such period as the directors may from time to time direct, provided that the same shall not be closed for a period of more than 60 days in any one year. Any transfer or exercise of the Subscription Rights attached to the Warrants made while the Register is so closed shall, as between the Company and the person claiming under the relevant transfer of Warrants or, as the case may be, as between the Company and Warrantholder who has so exercised the Subscription Rights attached to his Warrants (but not otherwise), be considered as made immediately after the reopening of the Register.

7. PURCHASE AND CANCELLATION

The Company or any of its subsidiaries may at any time purchase Warrants:

(i) in the open market or by tender (available to all Warrantholders alike) at any price; or

(ii) by private treaty upon terms to be agreed between the parties, but the price of which shall in any event not exceeding 110 per cent of the Exercise Moneys (as defined in the Instrument),

but not otherwise.

All Warrants purchased as aforesaid shall be cancelled forthwith and may not be reissued or re-sold.

8. MEETINGS OF WARRANTHOLDERS AND MODIFICATION OF RIGHTS

(A) The Instrument contains provisions for convening meetings of Warrantholders to consider any matter affecting the interests of Warranthoders, including the modification by special resolution of the provisions of the Instrument and/or the terms and conditions endorsed in the Warrant Certificate (as defined in the Instrument). A special resolution duly passed at any such meeting shall be binding on the Warrantholders, whether present or not.

(B) All or any of the rights for the time being attached to the Warrants (including any of the provisions of the Instrument) may from time to time (whether or not the Company is being wound up), be altered or abrogated (including but without prejudice to that generality by waiving compliance with, or by waiving or authorising any past or proposed breach of, any of the provisions of these conditions and/or the Instrument) and the sanction of a special resolution shall be necessary and sufficient to effect such alteration or abrogation.

9. OVERSEAS WARRANTHOLDERS

If a Warrantholder has a registered address in any territory other than Hong Kong where, in the opinion of the directors of the Company, the allotment of Shares to such Warrantholder upon exercise of any Subscription Rights would or might, in the absence of compliance with registration or any other special formalities in such territory, be unlawful or impracticable under the laws of such territory, then the Company shall as soon as practicable after exercise by such Warrantholder of any Subscription Rights either:

(a) allot the Shares which would otherwise have been allotted to such Warrantholder to one or more third parties selected by the Company; or

(b) allot such Shares to such Warrantholder and then, on his behalf, sell them to one or more third parties selected by the Company;

in each case for the best consideration then reasonably obtainable by the Company. As soon as reasonably practicable following any such allotment or (as the case may be) allotment and sale, the Company shall pay to the relevant Warrantholder an amount equal to the consideration received by the Company therefor (but having deducted therefrom all brokerages, commissions, stamp duty, withholding tax and all other payments, charges or taxes incurred by the Company in respect thereof) by posting the relevant remittance to him at his risk.

10. REPLACEMENT OF WARRANT CERTIFICATES

If a Warrant certificate is mutilated, defaced, lost or destroyed, it may, at the discretion of the Company, be replaced at the principal office of the Registrar on payment of such costs as may be incurred in connection therewith and on such terms as to evidence, indemnity and/or security as the Company may require and on payment of such scrip fee not exceeding HK$2.50 (or such higher fee as may from time to time be permitted under the rules prescribed by the Stock Exchange) as the Company may determine. Mutilated or defaced Warrant Certificates (as defined in the Instrument) must be surrendered before replacements will be issued.

In the case of lost Warrant Certificates (as defined in the Instrument), Sections 71A (2), (3), (4), (6), (7) and (8) of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) shall apply as if "shares" referred to therein included Warrants.

11. PROTECTION OF SUBSCRIPTION RIGHTS

The Instrument contains undertakings by and restrictions on the Company designed to protect the Subscription Rights.

12. CALL

If, at any time Warrants which have not been exercised carry rights to subscribe less than 10 per cent. in value of all Subscription Rights, being HK$999,999, the Company may, on giving not less than 3 months' notice, require the Warrantholders either to exercise their Subscription Rights represented or to allow them to lapse. On expiry of such notice, all unexercised Warrants will be automatically cancelled without any compensation to the holders of such Warrants.

13. FURTHER ISSUE

The Company shall be at liberty to issue further subscription warrants, including warrants ranking pari passu with the Warrants.

14. UNDERTAKINGS BY THE COMPANY

In addition to the undertakings given by it in relation to the grant and exercise of the Subscription Rights and the protection thereof, the Company has undertaken in the Instrument that :-

(i) it will send to each Warrantholder, at the same time as the same are sent to the holders of Shares, its audited accounts and all other notices, reports and communications despatched by it to the holders of Shares generally;

(ii) it will pay (if applicable) all Bermuda and Hong Kong stamp duties, registration fees or similar charges in respect of the execution of the Instrument, the creation and initial issue of the Warrants in registered form, the exercise of the Subscription Rights and the issue of Shares upon the exercise of the Subscription Rights;

(iii) it will keep available for issue sufficient ordinary capital to satisfy in full all rights for the time being outstanding of subscription for and conversion into Shares; and

(iv) it will use all reasonable efforts to procure that all Shares allotted upon exercise of the Warrants may, upon allotment or as soon as reasonably practicable thereafter, be dealt in on the Stock Exchange (save that this obligation shall lapse in the event that the listing of the Shares on the Stock Exchange is withdrawn following an offer for all or any of the Shares (whether by way of scheme of arrangement or otherwise) where a like offer is extended to holders of the Warrants or to holders of any Shares issued on exercise of the Warrants during the period of the offer (whether by way of proposal to the Warrantholders or otherwise)).

15. NOTICES

(A) The Instrument contains provisions relating to notices to be given to the Warrantholders.

(B) Every Warrantholder shall register with the Company an address in Hong Kong or elsewhere to which notices can be sent and if any Warrantholder shall fail so to do notice may be given to such Warrantholder in any of the manners hereinafter mentioned to his last known place of business or residence or, if there be none, by posting the same for 3 days at the principal place of business for the time being of the Company in Hong Kong.

(C) A notice may be given by advertisement of the same in both an English language newspaper circulating in Hong Kong and a Chinese language newspaper circulating in Hong Kong or by delivery, prepaid letter (airmail in the case of an overseas address).

(D) All notices with respect to Warrants standing in the names of joint holders shall be given to whichever of such persons is named first in the Register and notice so given shall be sufficient notice to all the holders of such Warrants.

16. GOVERNING LAW

The Instrument and the Warrants are governed by and will be construed in accordance with the laws of Hong Kong.

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 executive 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)*	615,000,000	67.66%

Note:

1. As at the Latest Practicable Date, Wide Fine International Limited ("Wide Fine") is the beneficial owner of 307,500,000 Shares. Pursuant to an undertaking under the Underwriting Agreement, Wide Fine undertook to subscribe for 307,500,000 Shares under the Open Offer. 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.

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 5% 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 2)*	615,000,000	67.66%
Lai Pak Leng *(Note 3)*	62,000,000	6.82%
Lai Cho Wai *(Note 4)*	46,000,000	5.06%

Note:

2. As at the Latest Practicable Date, Wide Fine is the beneficial owner of 307,500,000 Shares. Pursuant to an undertaking under the Underwriting Agreement, Wide Fine undertook to subscribe for 307,500,000 Shares under the Open Offer.

3. As at the Latest Practicable Date, Lai Pak Leng is the beneficial owner of 62,000,000 Shares.

4. As at the Latest Practicable Date, Lai Cho Wai is the beneficial owner of 46,000,000 Shares.

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	Unit 910, 9/F. China Merchants 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, Wanchai, Hong Kong
Financial Adviser to the Company	Access Capital Limited Suite 606 6th Floor Bank of America Tower 12 Harcourt Road Central Hong Kong
Independent Financial Adviser to the Company	Grand Vinco Capital Limited Unit 4909-4910 49/F The Center 99 Queen's Road Central 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 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 2007 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 44, 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. Hui Siu Lun

Mr. Hui Siu Lun, aged 53, has been appointed as an executive director of the Company since 29 August 2007. Mr. Hui holds a Bachelor of Science degree in Electronic Engineer from University of Southamption and is currently a director of Kirin Technology Limited. He has developed considered experience in business management and engineering by servicing key management positions in a number of private companies in Hong Kong and the United Kingdom. Mr. Hui's business address is Room 31, 3/F., Shing Ying Industrial Building, 19-21 Shing Yip Street, Kwun Tong, Hong Kong.

Ms. Li Jie Yi

Ms. Li Jie Yi, aged 41, has been appointed as an executive director of the Company since 15 November 2007. Ms. Li has vast experience in the gaming industry in Macau, in particular, in relation to the financial control and management of VIP lounges in casinos. Ms. Li'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 Bye-Laws.

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 Bye-Laws.

Mr. Leung Kar Loon, Stanley

An independent non-executive Director and a member of audit committee of the Company, aged 30, Mr. Leung was appointed by the Company on 14 September 2007. Mr. Leung holds a Bachelor of Business Administration from Simon Fraser University and has a certificate in hospitality management from the University of Hong Kong and a certificate in internet marketing from University of British Columbia, Canada. He is currently a director of Forex International Trading Limited and Best Vantage International Holdings Limited. He has vast experience in business management, sales and marketing. Mr. Leung's business address is Room 1602, 16/F., Workington Tower, 78 Bonham Strand, Sheung Wan, Hong Kong.

Mr. Leung 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. Leung 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. Leung. 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. Leung is subject to retirement by rotation and re-election pursuant to the Bye-Laws.

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 and Mr. Leung Kar Loon, Stanley 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:

Grand Vinco Capital Limited (“Vinco”)	a licensed corporation to conduct types 1 and 6 regulated activities registered under the Securities and Futures Ordinance.
GC Alliance Limited (“GC”)	Certified Public Accountants

As at the Latest Practicable Date, each of Vinco and GC has 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 2007, being the date to which the latest published audited accounts of the Company were made up.

Each of Vinco and GC 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 sale and purchase agreement dated 27 July 2006 (“the Acquisition Agreement”), entered into by the Company as purchaser, Mr. Sin Tim Iao and Ms. Chen Anfeng as vendors and Man Pou Gambling Promotion Company Limited (“Man Pou”) in relation to the sale and purchase of the entire issued capital in Right Gateway Limited as varied by a deed of variation dated 17 August 2006 entered into by the same parties, the consideration of the transaction was HK$230,200,000;

2. the agreement dated 27 July 2006 entered into by Right Idea Investments Limited, an indirectly non-wholly subsidiary of the Company, as purchaser, Man Pou as vendor and Mr. Sin Tim Iao and Ms. Chen Anfeng as guarantors relating to the sale and purchase of 100% of net profit of Man Pou and 100% of performance bonuses (if any) received by Man Pou, no consideration was payable by the Company;

3. the supplemental agreement dated 21 May 2007 made by the Company, Mr. Sin Tim Iao, Ms. Chen Anfeng and Man Pou in relation to the Acquisition Agreement under which the consideration of the transaction under the Acquisition Agreement was revised to HK$89,877,000;

4. the underwriting agreement dated 23 May 2007 entered into between the Company and Sun Hung Kai International Limited in relation to the Rights Issue; and

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 Unit 910, 9/F., China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong during normal business hours up to and including 4 January 2008, 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 2005, 31 March 2006, 31 March 2007;

3. the interim report of the Company for six months ended 30 September 2007;

4. the material contracts referred to in the paragraph headed "Material Contracts" in this Appendix;

5. the written consents referred to in the paragraph headed "Consents" in this Appendix;

6. the letter of advice from Grand Vinco Capital Limited, the text of which is reproduced in the section headed "Letter from the Independent Financial Adviser" to this circular;

7. circular of the Company in relation to major and connected transaction, proposed right issue (one rights share for every existing share held at HK$0.13 per right share) with bonus shares (one bonus share for every fully paid rights share), proposed amendment to Bye-Laws of the Company dated 28 June 2007;

8. circular of Company in relation to capital reorganisation, Bonus Warrant Issue, Offer and Bonus Share Issue, Discloseable Transaction Refreshment of Existing Mandates dated 28 November 2007.

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 Long Success International (Holdings) Limited ("Company") will be held at Pacific Place Conference Centre, 5/F, One Pacific Place, 88 Queensway, Hong Kong on Friday, 4 January 2008 at 2:30 p.m. for the purpose of considering and, if thought fit, passing the following resolutions:

SPECIAL RESOLUTION

1. "**THAT**, subject to the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Adjusted Shares (as defined below) in issue and to be issued, with effect from 7 January 2008:

   (a) the issued share capital of the Company be reduced by cancelling the issued and paid-up capital of the Company to the extent of HK$0.09 on each of the shares of HK$0.10 each ("**Existing Share**" or "**Existing Shares**") in the share capital of the Company in issue as at the date on which this resolution is passed such that the nominal value of all the issued Existing Shares be reduced from HK$0.10 to HK$0.01 each resulting in the reduction of issued share capital from HK$90,909,000 divided into 909,090,000 Existing Shares of HK$0.10 each to HK$9,090,900 divided into 909,090,000 shares of HK$0.01 each in the share capital of the Company (the "**Capital Reduction**");

   (b) upon the Capital Reduction becoming effective, each Existing Share of HK$0.10 in the authorized but unissued share capital of the Company be sub-divided into ten (10) shares of HK$0.01 each (the "**Adjusted Shares**") resulting in an authorized share capital of HK$100,000,000 divided into 10,000,000,000 Adjusted Shares;

   (c) the total credit amount arising from the Capital Reduction be transferred to the contributed surplus account of the Company;

   (d) a sum of HK$37,715,000 in the contributed surplus account of the Company be applied to set off against the accumulated losses of the Company, which amounted to approximately HK$37,715,000 as at 31 March 2007; and

   (e) the directors of the Company be and are hereby authorised to take any and all steps, and to do and/or procure to be done any and all acts and things, and to approve, sign and execute any documents which in their absolute discretion consider to be necessary, desirable or expedient to implement and carry into effect this resolution."

* *For identification purposes only*

ORDINARY RESOLUTIONS

2. "**THAT**, conditional upon (1) the passing of Resolution Number 1 as set out in this notice and (2) the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Warrants (as defined below) and any Adjusted Shares (as defined in Resolution Number 1), which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants, the directors of the Company be and are hereby authorised:

   (a) to create and issue 181,818,000 warrants ("**Warrants**") carrying rights to subscribe for new Adjusted Shares at the initial exercise price of HK$0.055 per Adjusted Share (subject to adjustment) which shall be in registered form and shall be exercisable at any time from the date of the issue of the Warrants and end on the date of anniversary thereof (both dates inclusive) on the terms and conditions set out in the warrant instrument (a copy of a draft of which marked "A" is produced to this meeting and signed for the purpose of identification by the Chairman of this meeting) provided that in the case of persons whose registered addresses, as shown in the Company's register of members on 4 January 2008, are outside Hong Kong and the directors of the Company are of the view that the exclusion of such persons is 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 in relation to the issue of the Warrants, the Warrants will not be granted to those persons;

   (b) to allot and issue new Adjusted Shares upon exercise of the subscription rights attaching to the Warrants or any of them, such new Adjusted Shares shall rank pari passu in all respects with the then existing issued Adjusted Shares;

   (c) to execute the said warrant instrument, certificates for the Warrants and all other documents, deeds and instruments under hand or, where necessary, under seal of the Company in accordance with the bye-laws of the Company as the directors of the Company consider necessary or expedient to give effect to the warrant instrument and other transactions contemplated in this resolution; and

   (d) to do all such acts and things as they consider necessary or expedient to give effect to the foregoing arrangements."

3 "**THAT**, subject to and conditional upon (1) the passing of Resolution Number 1 as set out in this notice, (2) the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the Offer Shares and Bonus Shares (both as defined below), (3) the filing and registration of all relevant documents with the Registrars of Companies in Hong Kong and Bermuda, (4) Wide Fine International Limited, who has undertaken to the Company to subscribe for 307,500,000 Offer Shares which it is entitled to under the Open Offer (as defined below), taking up and paying for the Offer Shares pursuant to the Underwriting Agreement (as defined below), and (5) the underwriting agreement dated 23 October 2007 made between Sun Hung Kai International Limited and Guotao

Junan Securities (Hong Kong) Limited as underwriters and the Company ("**Underwriting Agreement**"), a copy of which marked "B" is produced to this meeting and signed for the purpose of identification by the Chairman of this meeting), becoming unconditional and not being terminated in accordance with its terms, being fulfilled:

(i) the issue by way of open offer ("**Open Offer**") of 909,090,000 new Adjusted Shares of HK$0.01 each in the capital of the Company ("**Offer Share(s)**") and by way of bonus issue ("**Bonus Share Issue**") 909,090,000 new Adjusted Shares of HK$0.01 each in the capital of the Company credited as fully paid ("**Bonus Share(s)**") to those shareholders whose names appear on the register of members of the Company on 4 January 2008 ("**Record Date**") ("**Qualifying Shareholders**"), other than the Excluded Shareholders (as defined in circular dated 28 November 2007 ("**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 Offer Share for every one Existing Share of the Company held on the Record Date at the subscription price of HK$0.11 per Offer Share and one Bonus Share for every fully paid Offer Share and on the terms and conditions as set out in the Circular, be and is hereby approved;

(ii) the directors of the Company be and are hereby authorized to allot and issue the Offer Shares and Bonus Shares pursuant to or in connection with the Open Offer and Bonus Share Issue notwithstanding that (a) no Offer Shares shall be offered or issued to the Excluded Shareholders; and (b) to the extent that the Offer shares referred to in (a) above are not taken up as aforesaid, such Offer Shares and any entitlements of the Excluded Shareholders shall be offered for application under forms of application for excess Offer Shares; and

(iii) the directors of the Company 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 Open Offer and Bonus Share Issue. "

4. "**THAT**, the general mandates to allot, issue and deal with, and repurchase, shares of the Company granted to the directors of the Company at the annual general meeting of the Company held on 3 August 2007 be and are hereby revoked and replaced by,

"A. **THAT:**

(a) subject to paragraph (c) below, the exercise by the directors of the Company during the Relevant Period (as defined hereinafter) of all powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make and grant offers, agreements and options (including warrants) which might require the exercise of such power be and is hereby generally and unconditionally approved;

(b) the approval in paragraph (a) above shall authorise the directors during the Relevant Period to make and grant offers, agreements and options (including warrants) which might require the exercise of such power after the end of the Relevant Period;

(c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined hereinafter); (ii) the exercise of any option under any share option scheme or similar arrangement for the time being adopted for the grant or issue to officers, employees of the Company and/or any of its subsidiaries or other eligible participants of shares or rights to acquire shares in the Company; or (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of the cash payment for a dividend on shares of the Company in accordance with the Bye-Laws of the Company in force from time to time, shall not exceed the aggregate of:

(i) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of passing this Resolution; and

(ii) if the directors of the Company are so authorised by a separate ordinary resolution of the shareholders of the Company then nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this Resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of passing this Resolution);

and the authority pursuant to paragraph (a) of this Resolution 5A shall be limited accordingly; and

(d) for the purposes of this Resolution:

"Relevant Period" means the period from the date of the passing of this Resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-Laws of the Company, the Companies Act 1981 of Bermuda or any other applicable laws of Bermuda to be held; and

(iii) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this Resolution.

"Rights Issue" means an offer of shares in the Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by the directors of the Company to holders of shares of the Company on the register on a fixed record date in proportion to their holdings of shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extend of any restrictions obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong)."

"B. **THAT:**

(a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period of all powers of the Company to purchase its shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong (the "SFC") and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the SFC, the Stock Exchange, the Companies Act 1981 of Bermuda and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;

(b) the aggregate nominal amount of shares of the Company which may be purchased by the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or any other stock exchange recognised for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange under the Hong Kong Code on Share Repurchase pursuant to the approval in paragraph (a) above shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this Resolution and the authority pursuant to paragraph (a) above of this Resolution shall be limited accordingly; and

(c) for the purpose of this Resolution, "Relevant Period" shall have the same meaning as assigned to it under Ordinary Resolution 5A(d) of this notice."

C. "**THAT:**

subject to the passing of these ordinary resolutions 5A and 5B above, the directors of the Company be and they are hereby authorised to exercise the authority referred to in paragraph (a) of Resolution 5A above in respect of the share capital of the Company referred to in sub-paragraph (ii) of paragraph (c) of such Resolution 5A."

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

Hong Kong, 28 November 2007

Registered office
Canon Court
22 Victoria Street
Hamilton HK12
Bermuda

Head office and principal place of business
Unit 910, 9/F.
China Merchants 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 branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the special general meeting (or any adjournment thereof).

4. As at the date of this notice, the executive Directors are Mr. Wong Kam Leong, Mr. Hui Siu Lun and Ms. Li Jie Yi; and the independent non-executive Directors are Mr. Ng Kwok Chu, Winfield, Mr. Ng Chau Tung, Robert and Mr. Leung Kar Loon, Stanley.