



Long Success International (Holdings) Limited

百齡國際(控股)有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 8017)

RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2007

Characteristics of the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Exchange”)

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 Exchange. GEM listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

The Exchange takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement, for which the directors of Long Success International (Holdings) Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

- Turnover from the continuing operations and discontinued operation of the Group for the nine months ended 31 December 2007 was approximately HK\$20,739,000 as compared to HK\$26,876,000 for the corresponding period in 2006.
- Net loss attributable to shareholders for the nine months ended 31 December 2007 was approximately HK\$2,931,000 as compared to HK\$2,458,000 for the corresponding period in 2006.
- Loss per share from the continuing operations and discontinued operation for the Group was HK0.50 cents for the nine months ended 31 December 2007 as compared to HK0.97 cents for the corresponding period in 2006.
- The Directors do not declare any interim dividend for the nine months ended 31 December 2007.

THIRD QUARTERLY RESULTS

The unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the nine months and three months ended 31 December 2007 together with the comparatives for the corresponding periods in 2006 are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENTS

| | | Unaudited | | | |
|---|---|-------------------|----------|--------------------|----------|
| | | Nine months ended | | Three months ended | |
| | | 31 December | | 31 December | |
| | | 2007 | 2006 | 2007 | 2006 |
| Note | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Continuing operations | | | | | |
| Revenue | 4 | 20,739 | 15,179 | 6,780 | 4,466 |
| Other income | | 97 | 15 | 57 | 1 |
| Raw materials and consumables used | | (4,508) | (2,341) | (1,856) | (406) |
| Staff costs | | (11,438) | (10,043) | (1,642) | (3,498) |
| Depreciation of property, plant and equipment | | (123) | (158) | (37) | (44) |
| Impairment loss on trade receivables | | (641) | – | (99) | – |
| Other operating expenses | | (4,874) | (3,300) | (1,500) | (761) |
| Operating (loss)/profit | | (748) | (648) | 1,703 | (242) |
| Finance costs | | (549) | (15) | (320) | (4) |
| (Loss)/Profit before tax | | (1,297) | (663) | 1,383 | (246) |
| Income tax expense | 5 | – | – | – | – |
| (Loss)/Profit for the period from continuing operations | | (1,297) | (663) | 1,383 | (246) |
| Discontinued operation | | | | | |
| Loss for the period from discontinued operation | | – | (1,795) | – | (4,356) |
| (Loss)/Profit for the period | | (1,297) | (2,458) | 1,383 | (4,602) |

| | | Unaudited | | | |
|------|---|-------------------|----------------|--------------------|----------------|
| | | Nine months ended | | Three months ended | |
| | | 31 December | | 31 December | |
| | | 2007 | 2006 | 2007 | 2006 |
| Note | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | Attributable to: | | | | |
| | Equity holders of the parent | (2,931) | (2,458) | 803 | (4,602) |
| | Minority interest | 1,634 | – | 580 | – |
| | | <u>(1,297)</u> | <u>(2,458)</u> | <u>1,383</u> | <u>(4,602)</u> |
| | (Loss)/Earnings per share | | | | |
| | Basic | | | | |
| | – From continuing and discontinued operations | <u>(0.50)</u> | <u>(0.97)</u> | <u>0.09</u> | <u>(1.82)</u> |
| | – From continuing operations | <u>(0.50)</u> | <u>(0.26)</u> | <u>0.09</u> | <u>(0.10)</u> |
| | Diluted | | | | |
| | – From continuing and discontinued operations | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> |
| | – From continuing operations | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> |

NOTES TO THE UNAUDITED THIRD QUARTERLY 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 Announcements” 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 third quarterly 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 policies and amounts announced 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 Nine months ended 31 December 2007 | | Unaudited Nine months ended 31 December 2006 | |
|--|--|--|--|--|
| | Segment Turnover HK\$'000 | Segment Profit/ (Loss) HK\$'000 | Segment Turnover HK\$'000 | Segment Profit/ (Loss) HK\$'000 |
| Continuing operations | | | | |
| Sales of customized software and related computer equipment | 12,832 | 9,438 | 12,681 | 11,736 |
| Technical support and maintenance services income | 2,460 | 1,346 | 2,498 | 1,102 |
| Profits assigned from a junket representative of a VIP lounge of a casino in Macau | 5,447 | 5,447 | – | – |
| | <u>20,739</u> | <u>16,231</u> | <u>15,179</u> | <u>12,838</u> |
| Discontinued operations | | | | |
| Marketing, rolling and settlement services for a VIP lounge of a casino in Macau | – | – | 11,697 | (1,795) |
| | <u>20,739</u> | <u>16,231</u> | <u>26,876</u> | <u>11,043</u> |
| Unallocated corporate income | | 97 | | 15 |
| Finance costs | | (549) | | (15) |
| Other unallocated corporate expense | | (17,076) | | (13,501) |
| Loss for the period | | <u>(1,297)</u> | | <u>(2,458)</u> |

| | Unaudited Nine months ended 31 December 2007 Turnover HK\$'000 | Unaudited Nine months ended 31 December 2006 Turnover HK\$'000 |
|-----------|--|--|
| Hong Kong | 11,911 | 13,960 |
| Macau | 5,447 | 11,697 |
| The PRC | 3,381 | 1,219 |
| | <u>20,739</u> | <u>26,876</u> |

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 nine months ended 31 December 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 and practices in respect thereof.

6. (LOSS)/EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic loss 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 nine months ended 31 December 2007 of approximately HK\$2,931,000 (2006: HK\$2,458,000) and on the weighted average number of 580,716,000 (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 | | | |
|--|--|------------------|---|------------------|
| | Nine months ended 31 December 2007 HK\$'000 | | Three months ended 31 December 2007 HK\$'000 | |
| | 2007 HK\$'000 | 2006 HK\$'000 | 2007 HK\$'000 | 2006 HK\$'000 |
| (Loss)/Profit for the period attributable to equity holders of the parent | (2,931) | (2,458) | 803 | (4,602) |
| Less: loss for the period from discontinued operation | — | (1,795) | — | (4,356) |
| (Loss)/Profit for the purposes of basic (loss)/profit per share from continuing operations | <u>(2,931)</u> | <u>(663)</u> | <u>803</u> | <u>(246)</u> |
| Number of shares | '000 | '000 | '000 | '000 |
| Weighted average number of ordinary shares | <u>580,716</u> | <u>253,030</u> | <u>909,090</u> | <u>253,030</u> |

From discontinued operation

Basic loss per share from the discontinued operation was nil (2006: HK1.72 cent per share) based on the loss from discontinued operation of nil (2006: HK\$4,356,000) and on the weighted average number of 580,716,000 (2006: 253,030,000) ordinary shares in issue for the nine months ended 31 December 2007.

Diluted earnings per share

Diluted earnings per share is not presented for the nine months and the three months ended 31 December 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 nine months and the three months ended 31 December 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 period (2006: Nil).

8. SHARE CAPITAL

| | Number of shares | | Amount | |
|---------------------------------|--------------------------|------------------|--------------------------|-----------------|
| | Nine months ended | | Nine months ended | |
| | 31 December | | 31 December | |
| | 2007 | 2006 | 2007 | 2006 |
| | '000 | '000 | HK\$'000 | HK\$'000 |
| Authorised | | | | |
| Ordinary shares of HK\$0.1 each | <u>1,000,000</u> | <u>1,000,000</u> | <u>100,000</u> | <u>100,000</u> |
| 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 | <u>909,090</u> | <u>253,030</u> | <u>90,909</u> | <u>25,303</u> |

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.

9. MOVEMENT OF RESERVES

The movements of reserves for the nine months ended 31 December 2007 are the decrease in share premium of approximately HK\$24,537,000 due to the issue of bonus shares and the loss for the period of approximately HK\$2,931,000. Movements of reserves in corresponding period in 2006 was the loss for that period of approximately HK\$2,458,000.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the period under review, turnover of the Group was approximately HK\$20.74 million, recorded a decrease of 22.84% as compared to last year (2006: HK\$26.88 million). Loss attributable to shareholders was HK\$2.93 million (2006: HK\$2.46 million). The decrease in turnover is mainly due to the termination of provision of marketing, rolling and settlement services for a VIP lounge of a casino in Macau. Having taken into account of the increasing competition in the Macau gaming market, the board of directors of the Company (the “Board”) has made a strategic decision to terminate the marketing agreement for the provision of rolling and settlement services in the Emperor VIP Club at the Galaxy Casino at the Waldo Hotel in Macau in order to reallocate and centralize resources in developing high profit customers in the Jun Ying VIP Club at the Waldo Casino at the Grand Waldo Hotel in Macau. The management believes that the performance of the Jun Ying VIP Club will improve and contribute to the turnover and profit of the Group in the coming future.

(A) Revised consideration for the acquisition of Right Gateway Limited (“Right Gateway”)

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

Right Gateway holds 70% interest in Right Idea Investment Limited (“Right Idea”), a company which has entered into an agreement with Man Pou Gambling Promotion Company Limited (“Man Pou”) to acquire 100% of its profit, being approximately 0.4% of the rolling turnover generated by Man Pou and/or its customers at the Jun Ying VIP Club at the Waldo Casino at the Grand Waldo Hotel together with any other performance bonus received (if any) by Man Pou. The Acquisition was approved by the shareholders in the special general meeting held on 16 November 2006.

Referring to the announcement and circular dated 4 June 2007 and 28 June 2007 respectively, a supplemental agreement was signed on 21 May 2007 to revise the consideration for the Acquisition from HK\$230,200,000 to HK\$89,877,000 (“Revised Consideration”) due to the disappointing performance of Man Pou for the period from 1 January to 31 March 2007. The revision on the consideration for the Acquisition constituted a major transaction for the Company under the GEM Listing Rules and was approved by the independent shareholders in the special general meeting (“SGM”) on 3 August 2007. Part payment of the Revised Consideration in the sum of HK\$30 million was paid from the net proceeds from the rights issue described below.

(B) Rights issue and bonus shares issue

Referring to the announcement and circular dated 4 June 2007 and 28 June 2007 respectively, the Board proposed the Rights Issue and Bonus Share Issue (both as defined below). The shareholders, at the SGM, approved the Company 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 (“Rights Issue”), and a bonus shares issue of one bonus share for every rights share (“Bonus Share Issue”). Details of the Rights Issue and Bonus Shares Issue were set out in the Company’s announcement dated 4 June 2007, circular dated 28 June 2007 and prospectus dated 6 August 2007. On 23 August 2007, the Rights Issue became unconditional and was approximately 487% oversubscribed.

(C) Capital reorganization, Bonus warrant issue, Open offer and bonus share issue and Discloseable transaction

Referring to the announcement and circular dated 7 November 2007 and 28 November 2007 respectively, the Board proposed a capital reorganization, a bonus warrant issue, an open offer, a bonus share issue and a discloseable transaction (see details below), and the shareholders, at the special general meeting held on 4 January 2008, approved all the proposals.

(i) Capital reorganization

The nominal value of each of the issued existing ordinary share(s) of HK\$0.1 each in the capital of the Company (“Existing Share”) was reduced to HK\$0.01 by canceling the paid-up capital to the extent of HK\$0.09 per issued Existing Share and the credit arising therefrom was transferred to the contributed surplus account of the Company and the shareholders approved the application of such credit against the accumulated losses of the Company. Details of the capital reorganization were given in the Company’s announcement and circular dated 7 November 2007 and 28 November 2007 respectively.

(ii) Bonus warrant issue

A bonus warrant issue was made to the shareholders whose names appeared on the register of members of the Company on 24 December 2007 on the basis of two (2) warrants for every ten (10) Existing Shares held. The exercise price of the bonus warrant is HK\$0.055. Details of the bonus warrant issue were given in the Company’s announcement and circular dated 7 November 2007 and 28 November 2007 respectively.

(iii) *Open offer and bonus share issue*

The Company raised approximately HK\$99.9 million before expenses by way of an open offer of 909,909,000 new shares of HK\$0.01 each (“Offer Share(s)”) at a price of HK\$0.11 per Offer Share on the basis of one Offer Share for every Existing Share held on 24 December 2007 (“Open Offer”). In conjunction with the Open Offer, the registered holders of fully-paid Offer Shares were issued one bonus share for every Offer Share successfully subscribed by the shareholders. Details of the Open Offer and bonus share issue were given in the Company’s announcement, circular and prospectus dated 7 November 2007, 28 November 2007 and 10 January 2008 respectively. On 28 January 2008, the Open Offer became unconditional and was approximately 154.89% oversubscribed.

(iv) *Discloseable transaction*

On 29 October 2007, Cherry Oasis (Far East) Limited (“Cherry Oasis”), a wholly owned subsidiary of the Company, entered into a subscription agreement with two independent third parties, of which the Company agreed to subscribe for 49,500,000 shares of HK\$1 each of Success Finance Limited (“Joint Venture”) at a consideration of HK\$49.5 million. After the completion of the subscription, Cherry Oasis will hold 90% of the total issued share capital of the Joint Venture. The Joint Venture is a company incorporated in Hong Kong with limited liability and is currently applying for a money lenders license under the Money Lenders Ordinance (Cap. 163 of the Laws of Hong Kong). Upon completion of the subscription, the Joint Venture will target 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. The Company will pay the subscription money from the net proceeds of the Open Offer. The subscription for shares of the Joint Venture constituted a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules. Details of the discloseable transaction were given in the Company’s announcement and circular dated 7 November 2007 and 28 November 2007 respectively.

PROSPECT

During the period under review, our gaming and entertainment businesses in Macau has faced keen competition arising from growing number of new casinos and VIP gaming tables, and the measures adopted by the Guangdong government to tighten the individual visits to Macau under the individual visit scheme which drives down the net win for each of the VIP gaming tables. However, the management believes the gaming and entertainment businesses will continue to grow and become the key profit centre by devoting more resources to undertake marketing and promotion campaigns. 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. The management will continue to seek investment opportunities in the South East Asia that are beneficial to the shareholders with the aim to boost the Group’s gaming revenues.

SHARE OPTION SCHEME

A share option scheme (the “Scheme”) was approved and adopted by the shareholders of the Company at an annual general meeting held on 21 August 2006. Under the Scheme, the directors of the Company are authorized 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. During the period, no option has been granted, exercised, cancelled or lapsed under the Scheme.

DIRECTORS

The directors during the period and up to the date of this announcement were:

Executive directors

| | |
|--------------------|----------------------------------|
| Mr. Wong Kam Leong | |
| Mr. Hui Siu Lun | (Appointed on 14 September 2007) |
| Mr. Lai Cho Wai | (Resigned on 29 August 2007) |
| Mr. Ma Chon | (Resigned on 25 October 2007) |
| Miss Li Jie Yi | (Appointed on 15 November 2007) |

Independent non-executive directors

| | |
|-----------------------------|----------------------------------|
| Mr. Ng Kwok Chu, Winfield | |
| Mr. Ng Chau Tung, Robert | |
| Mr. Leung Kar Loon, Stanley | (Appointed on 14 September 2007) |
| Mr. Leong Meng Wa | (Resigned on 29 August 2007) |

DIRECTORS' AND CHIEF EXECUTIVES' INTEREST AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 31 December 2007, the following directors and chief executive of the Company had or were deemed to have interests in the equity shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”), as recorded in the register kept by the Company pursuant to Part XV of the SFO or otherwise notified to the Company pursuant to the minimum standards of dealings by the directors as referred to in Rules 5.46 to 5.68 of the GEM Listing Rules:

| Name of Directors | Type of Interest | Number of ordinary shares in the Company | Percentage of shareholdings (%) |
|-------------------|--------------------------------------|--|---------------------------------------|
| Wong Kam Leong | Corporate interest (<i>Note 1</i>) | 307,500,000 | 33.83% |

Note:

1. As at 31 December 2007, 307,500,000 shares in the Company are beneficially owned by and registered in the name of Wide Fine International Limited (“Wide Fine”), a company incorporated in Hong Kong with limited liability and is wholly-owned by Mr. Wong Kam Leong.

Save as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable any of the Company's directors or members of its management to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate.

Save as disclosed above, none of the directors and chief executive (including their spouse and children under the age of 18) had any interest in, or had been granted, or exercised, any right to subscribe for the shares of the Company and its associated corporations (within the meaning of the SFO).

Save as disclosed above, none of the directors, chief executive or their associates had any interests in the securities of the Company or any of its associated corporations as defined in Part XV of the SFO which was discloseable for the period ended 30 September 2007.

SUBSTANTIAL SHAREHOLDERS' INTEREST AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

The register of substantial shareholders maintained under section 336 of the SFO shows that as at 31 December 2007, the Company had been notified of the following substantial shareholders' interests, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the directors and chief executive.

| Name | Number of shares held | Percentage of shareholdings (%) |
|---|------------------------------|--|
| Wide Fine International Limited (<i>Note 2</i>) | 307,500,000 | 33.83% |
| Lai Pak Leng (<i>Note 3</i>) | 62,000,000 | 6.82% |
| Lai Cho Wai (<i>Note 4</i>) | 46,000,000 | 5.06% |

Note:

2. As at 31 December 2007, Wide Fine is the beneficial owner of 307,500,000 shares.
3. As at 31 December 2007, Lai Pak Leng is the beneficial owner of 62,000,000 shares.
4. As at 31 December 2007, Lai Cho Wai is the beneficial owner of 46,000,000 shares.

Save as disclosed above, no other person was recorded in the register pursuant to Part XV of the SFO as having an interest being 5 per cent or more of the issued share capital of the Company as at 31 December 2007.

COMPETING INTERESTS

As at 31 December 2007, the directors are not aware of any business or interest of each director, management shareholder and the respective associates of which that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

The Company applied the principles and complied with all the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules throughout the period, except as disclosed in the Annual Announcement for the year ended 31 March 2007 that Mr. Wong Kam Leong is both the Chairman and chief executive director of the Company.

AUDIT COMMITTEE

In compliance with Rule 5.28 and 5.33 of the GEM Listing Rules, the Company has established an audit committee comprising of independent non-executive directors, namely Mr. Ng Kwok Chu, Winfield, Mr. Ng Chau Tung, Robert and Mr. Leung Kar Loon, Stanley. The Group's unaudited results for the nine months ended 31 December 2007 have been reviewed by the audit committee. Members of the committee were of the opinion that the preparation of such results complied with applicable accounting standards, the Exchange and legal requirements and that adequate disclosures had been made.

BOARD PRACTICES AND PROCEDURES

Save as disclosed above, throughout the nine months ended 31 December 2007, the Company has complied with rules 5.34 to 5.45 of the GEM Listing Rules concerning board practices and procedures. None of the independent non-executive directors have been paid any fees or other reimbursements or emoluments during the period.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the nine months ended 31 December 2007, neither the Company nor any of its holding companies or subsidiaries purchased, sold or redeemed any listed securities of the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions on terms no less exacting than the required standards of dealings regarding securities transactions by directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specified enquiry with the directors, all the directors confirmed that they have complied with the code of conduct and the required standard of dealings throughout the period under review.

On behalf of the Board
Wong Kam Leong
Chairman

14 February 2008, Hong Kong

As at the date hereof, the executive Directors are Mr. Wong Kam Leong, Mr. Hui Sui Lun and Miss 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.

* *For identification purposes only*