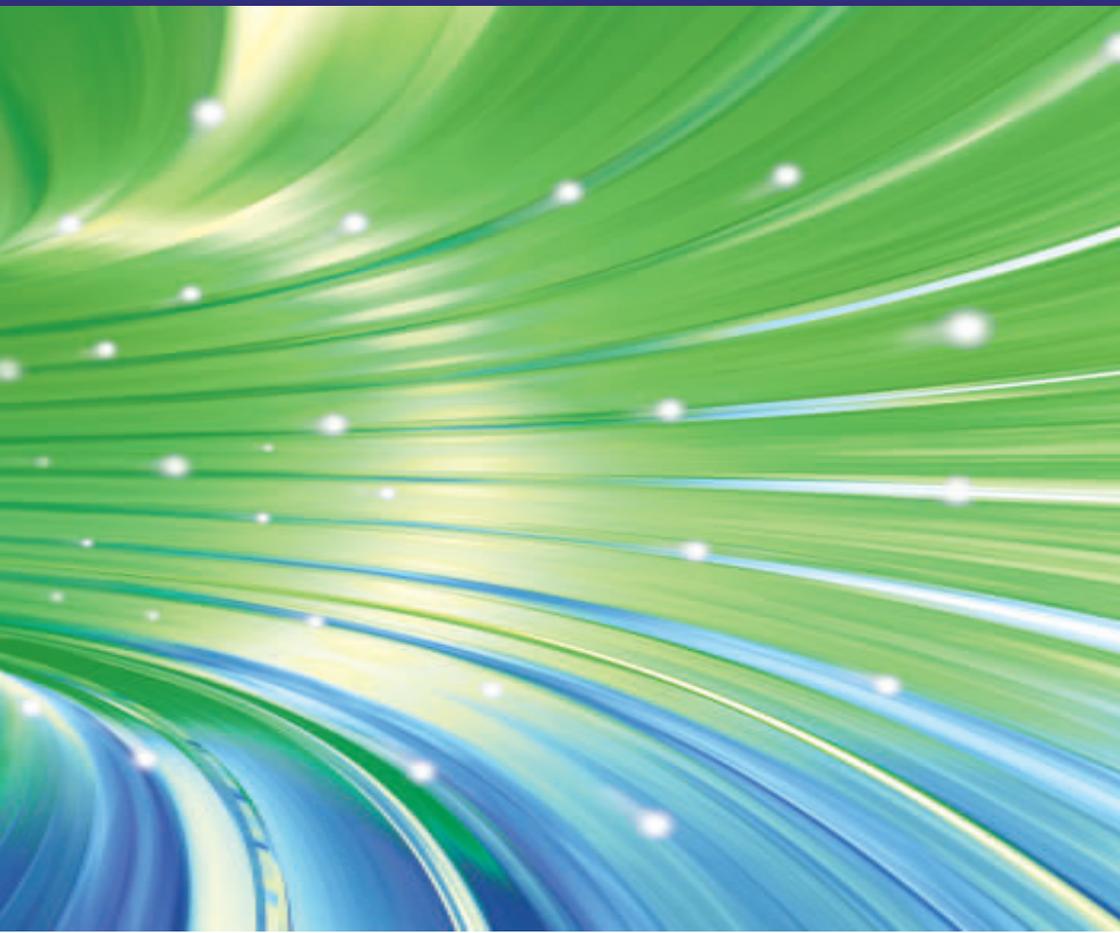




LONG SUCCESS INTERNATIONAL (HOLDINGS) LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code:8017)



FIRST QUARTERLY REPORT

2008

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 than other companies listed on the Exchange. 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 report, 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 report.

This report, 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 report 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 report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

- Turnover of the Group for the three months ended 30 June 2008 was approximately HK\$5,589,000 as compared to HK\$7,788,000 for the corresponding period in 2007.
- Net loss attributable to shareholders for the three months ended 30 June 2008 was approximately HK\$65,000 whereas there was a gain of HK\$47,000 for the corresponding period in 2007.
- Loss per share for the Group was HK0.002 cents for the three months ended 30 June 2008 as compared to an earning per share of HK0.005 cents for the corresponding period in 2007.
- The Directors do not declare any interim dividend for the three months ended 30 June 2008.

FIRST QUARTERLY RESULTS

The unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the three months ended 30 June 2008 together with the comparatives for the corresponding periods in 2007 are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENTS

| | Note | Unaudited Three months ended 30 June | |
|--|------|--|------------------|
| | | 2008 HK\$'000 | 2007 HK\$'000 |
| Revenue | 4 | 5,589 | 7,788 |
| Other income | | 577 | 24 |
| Raw materials and consumables used | | (690) | (2,399) |
| Staff costs | | (2,948) | (3,530) |
| Depreciation on property, plant and equipments | | (57) | (45) |
| Other expenses | | (2,164) | (1,096) |
| Finance costs | | (1) | (139) |
| Profit before tax | | 306 | 603 |
| Income tax expense | 5 | (207) | - |
| Profit for the period | | 99 | 603 |
| Attributable to: | | | |
| Equity holders of the parent | | (65) | 47 |
| Minority interests | | 164 | 556 |
| | | 99 | 603 |
| (Loss)/Earnings per share attributable to ordinary equity holders of the parent | 6 | | |
| Basic (HK cents per share) | | (0.002) | 0.005 |
| Diluted (HK cents per share) | | N/A | N/A |

NOTES TO THE UNAUDITED FIRST QUARTERLY FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited consolidated income statements of the Group for the three months ended 30 June 2008 has been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations ("Ints") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules. It has been prepared under historical cost convention.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and method of computation used in the preparation of the unaudited condensed consolidated first quarterly financial statements are consistent with those applied in the Group's audited financial statements for the year ended 31 March 2008.

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 2008. The adoption of these new HKFRSs did not result in substantial changes to the Group's accounting policies 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) sharing of profits of a junket representative of a VIP lounge of a casino in Macau; and (iv) provision of money lending services. An analysis of the Group's turnover and segment profit/ (loss) by business segments is as follows:

| | Unaudited Three months ended 30 June 2008 | | Unaudited Three months ended 30 June 2007 | |
|--|---|--|---|--|
| | Turnover HK\$'000 | Segment Profit/ (Loss) HK\$'000 | Turnover HK\$'000 | Segment Profit/ (Loss) HK\$'000 |
| Sales of customized software and related computer equipment | 4,110 | 730 | 5,256 | 111 |
| Technical support and maintenance services income | 91 | (25) | 677 | (441) |
| Profits assigned from a junket representative of a VIP lounge of a casino in Macau | 470 | 470 | 1,855 | 1,855 |
| Interest income from money lending business | 918 | 267 | - | - |
| | <u>5,589</u> | <u>1,442</u> | <u>7,788</u> | <u>1,525</u> |
| Other revenue | | 577 | | 24 |
| Unallocated corporate expense | | (1,712) | | (807) |
| Finance costs | | (1) | | (139) |
| Profit before tax | | 306 | | 603 |
| Income tax expense | | (207) | | - |
| Profit for the period | | <u>99</u> | | <u>603</u> |

| | Unaudited Three months ended 30 June 2008 Turnover HK\$'000 | Unaudited Three months ended 30 June 2007 Turnover HK\$'000 |
|-----------|--|--|
| Hong Kong | 4,938 | 5,256 |
| Macau | 470 | 677 |
| The PRC | 181 | 1,855 |
| | <u>5,589</u> | <u>7,788</u> |

5. INCOME TAX EXPENSE

Hong Kong profits tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profit for the period. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

6. (LOSS)/EARNINGS PER SHARE

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 three months ended 30 June 2008 of approximately HK\$65,000 (2007: gain of HK\$47,000) and on the weighted average number of 2,728,491,136 (2007: 1,035,352,500) ordinary shares in issue during the period.

The weighted average number of ordinary shares for the period ended 30 June 2007 has been adjusted retrospectively for the effects due to the bonus element in the rights issue and the bonus issue completed in August 2007, and the bonus element in the open offer and the bonus issue completed in January 2008.

The basic and diluted loss per share are the same for the three months ended 30 June 2008, as the Company recorded a loss attributable to the equity holders of the parent and hence, the incremental shares from the assumed exercises of share options and warrants outstanding as at 30 June 2008 are not included in calculating the diluted basic loss per share.

The basic and diluted earnings per share are the same for the three months ended 30 June 2007, as there was no potential dilutive ordinary share outstanding as at 30 June 2007.

7. INTERIM DIVIDEND

The directors do not recommend the payment of interim dividend for the period (2007: Nil).

8. SHARE CAPITAL

| | Number of shares | | Amount | |
|--|--------------------|------------------|--------------------|----------------|
| | Three months ended | | Three months ended | |
| | 30 June | | 30 June | |
| | 2008 | 2007 | 2008 | 2007 |
| | '000 | '000 | HK\$'000 | HK\$'000 |
| Authorised | | | | |
| Ordinary shares of HK\$0.01 each (2007: HK\$0.1 each) (Note: (i)) | <u>10,000,000</u> | <u>1,000,000</u> | <u>100,000</u> | <u>100,000</u> |
| Issued and fully paid: | | | | |
| At beginning of period | <u>2,727,270</u> | 303,030 | <u>27,273</u> | 30,303 |
| Exercise of warrants | <u>1,307</u> | - | <u>13</u> | - |
| At end of period | <u>2,728,577</u> | <u>303,030</u> | <u>27,286</u> | <u>30,303</u> |

Note:

- (i) Pursuant to the approval of the Company's shareholders at the SGM held on 4 January 2008, the Company reduced its paid-up capital by HK\$81,818,000 by way of reduction of the nominal value of the then 909,090,000 issued shares of the Company from HK\$0.10 to HK\$0.01 ("Capital Reduction"). Upon the Capital Reduction becoming effective, each of the Company's 90,910,000 authorised but unissued shares of HK\$0.10 each was subdivided into 10 adjusted shares of HK\$0.01 each.

9. RESERVES

| | Share premium | Merger reserve | Exchange reserve | Share option reserve | Accumulated losses | Total |
|---------------------------|----------------|----------------|------------------|----------------------|--------------------|----------------|
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| At 1 April 2007 | 31,370 | (341) | (85) | - | (33,318) | (2,374) |
| Net profit for the period | - | - | - | - | 47 | 47 |
| At 30 June 2007 | <u>31,370</u> | <u>(341)</u> | <u>(85)</u> | <u>-</u> | <u>(33,271)</u> | <u>(2,327)</u> |
| At 1 April 2008 | 123,470 | (341) | (29) | 882 | (39,313) | 84,669 |
| Subscription of warrant | 59 | - | - | - | - | 59 |
| Net loss for the period | - | - | - | - | (65) | (65) |
| At 30 June 2008 | <u>123,529</u> | <u>(341)</u> | <u>(29)</u> | <u>882</u> | <u>(39,378)</u> | <u>84,663</u> |

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Financial Review

During the period under review, turnover of the Group was approximately HK\$5.59 million, recorded a decrease of 28.24% as compared to last year (2007: HK\$7.79 million). Loss attributable to shareholders was HK\$65,000 (2007: gain of HK\$47,000). The decrease in turnover and profit is mainly due to the disappointing performance of the gaming and entertainment business in Macau. The 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 drove down the net win for each of the VIP gaming tables.

Referring to the announcement and circular dated 8 April 2008 and 28 April 2008 respectively, the Board proposed to issue convertible notes ("Convertible Notes") in an equivalent face value of HK\$10,700,000 as part payment of the consideration for the acquisition ("City Faith Acquisition") of the entire issue share capital of City Faith Investments Limited ("City Faith"). The Company entered into the sale and purchase agreement on 28 March 2008 to acquire the entire issued share capital of City Faith at an aggregate consideration of HK\$24,700,000, which would be satisfied by HK\$14,000,000 in cash and HK\$10,700,000 by the issue of the Convertible Notes. City Faith is a company incorporated in Hong Kong with limited liability. The principal business of City Faith is investment holding. City Faith holds a flat of a low density residential building in Tai Po and two vehicles. The shareholders, at the special general meeting held on 30 May 2008, voted down the resolution regarding the issue of the Convertible Notes and the issue and allotment of the shares upon conversion thereof and the transactions contemplated thereunder. Given that one of the conditions precedent to the completion of the City Faith Acquisition, being the approval by the shareholders of the Company on the issue of the Convertible Notes and the issue and allotment of the shares upon conversion thereof, could not be satisfied, the City Faith Acquisition was terminated accordingly.

PROSPECT

The unfavorable market conditions in the gaming and entertainment businesses in Macau have forced the management to seek diversification in the Group's business. The investment in money lending business represents the Group's first step in its business diversification. Going forward, the management will continue to explore opportunities for expansion and/or acquisition in order to expand the scope of our businesses and bring higher returns to our shareholders.

DIRECTORS

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

Executive directors

Mr. Wong Kam Leong

Ms. Li Jie Yi

Mr. Yip Wai Ki

(Appointed on 30 June 2008)

Mr. Hui Siu Lun

(Resigned on 30 June 2008)

Independent non-executive directors

Mr. Ng Kwok Chu, Winfield

Mr. Ng Chau Tung, Robert

Mr. Cheng Tze Kit, Larry

(Appointed on 30 June 2008)

Mr. Leung Kar Loon, Stanley

(Resigned on 30 June 2008)

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

As at 30 June 2008, the following Directors and chief executive of the Company had or were deemed to have interests in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Exchange 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:

The Company: Shares of HK\$0.01 each

| Name | Type of interest | Number of ordinary shares of the Company | Number of underlying shares of the Company | Percentage of Shareholding | |
|---|--------------------|--|--|----------------------------|--------|
| | | | | Total | |
| Directors | | | | | |
| Wong Kam Leong | Corporate Interest | 922,500,000 (Note 1) | 61,500,000 (Note 2) | | |
| | Personal Interest | | 27,000,000 (Note 3) | 1,011,000,000 | 37.05% |
| Li Jie Yi | Personal Interest | - | 27,000,000 (Note 3) | 27,000,000 | 0.99% |
| Hui Siu Lun (resigned on 30 June 2008) | Personal Interest | - | 2,000,000 (Note 4) | 2,000,000 | 0.07% |
| Ng Kwok Chu, Winfield | Personal Interest | - | 2,000,000 (Note 4) | 2,000,000 | 0.07% |
| Ng Chau Tung, Robert | Personal Interest | - | 2,000,000 (Note 4) | 2,000,000 | 0.07% |
| Leung Kar Loon, Stanley (resigned on 30 June 2008) | Personal Interest | - | 2,000,000 (Note 4) | 2,000,000 | 0.07% |

Notes:

1. The 922,500,000 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.
2. As at 30 June 2008, Wide Fine held 61,500,000 warrants conferring rights to subscribe for up to HK\$3,382,500 in aggregate in cash for 61,500,000 new shares at a subscription price of HK\$0.055 per share.
3. As at 30 June 2008, the named director held 27,000,000 share options conferring rights to subscribe for 27,000,000 shares.
4. As at 30 June 2008, the named director held 2,000,000 share options conferring rights to subscribe for 2,000,000 shares.

Save as disclosed above, at no time during the period under review was the Company or any of its subsidiaries a party to any arrangement to enable any of the 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 executives or their associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations as at 30 June 2008 which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein (including interests or short positions which they were taken to have under Section 344 of the SFO) or which were discloseable for the period ended 30 June 2008.

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

The register of substantial shareholders maintained under section 336 of the SFO shows that as at 30 June 2008, the Company had been notified of the following substantial shareholders' interests, being 5% or more of the Company's issued share capital.

| Name | Number of ordinary shares held | Number of underlying shares held | Total | Percentage of shareholding |
|--|--------------------------------------|--|-------------|----------------------------------|
| Wide Fine International Limited (Note 1) | 922,500,000 | 61,500,000 | 984,000,000 | 36.06% |
| Lai Pak Leng | 126,000,000 | 12,400,000 (Note 2) | 138,400,000 | 5.07% |

Notes:

- Wide Fine International Limited is beneficially and wholly-owned by Mr. Wong Kam Leong, an executive Director.
- As at 30 June 2008, Mr. Lai Pak Leng held 12,400,000 warrants conferring rights to subscribe for up to HK\$682,000 in aggregate in cash for 12,400,000 new shares at a subscription price of HK\$0.055 per share.

Save as disclosed above, no other person had registered an interest or short position in the shares, underlying shares and debentures of the Company that was required to be reported pursuant to Section 336 of the SFO as at 30 June 2008.

COMPETING INTERESTS

As at 30 June 2008, 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 Report for the period ended 30 June 2008 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. Cheng Tze Kit, Larry. The Group's unaudited result for the three months ended 30 June 2008 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 three months ended 30 June 2008, the Company has complied with rules 5.34 to 5.45 of the GEM Listing Rules concerning board practices and procedures.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the three months ended 30 June 2008, 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 August 2008, Hong Kong

As at the date hereof, the executive Directors are Mr. Wong Kam Leong, Ms. Li Jie Yi and Mr. Yip Wai Ki, and the independent non-executive Directors are Mr. Ng Kwok Chu, Winfield, Mr. Ng Chau Tung, Robert and Mr. Cheng Tze Kit, Larry.