



LONG SUCCESS INTERNATIONAL (HOLDINGS) LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code:8017)



THIRD QUARTERLY REPORT

2008

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock 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.

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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 GEM of the Stock Exchange (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 nine months ended 31 December 2008 was approximately HK\$13,656,000 as compared to HK\$20,739,000 for the corresponding period in 2007.
- Net loss attributable to shareholders for the nine months ended 31 December 2008 was approximately HK\$14,405,000 as compared to HK\$2,931,000 for the corresponding period in 2007. The higher net loss attributable to the shareholders was mainly due to the non-cash cost associated with equity-settled share options. Disregarding this item, the Group recorded a net loss attributable to shareholders of HK\$593,000, representing a drop in loss of 80%.
- Loss per share for the Group was HK0.528 cent for the nine months ended 31 December 2008 as compared to HK0.172 cent for the corresponding period in 2007.
- The Directors do not declare any interim dividend for the nine months ended 31 December 2008.

THIRD QUARTERLY RESULTS

The unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the nine months ended 31 December 2008 together with the unaudited comparatives for the corresponding periods in 2007 are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Unaudited			
		Nine months ended		Three months ended	
		31 December		31 December	
		2008	2007	2008	2007
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	4	13,656	20,739	2,522	6,780
Other income		2,979	97	1,002	57
Raw materials and consumables used		(4,711)	(4,508)	(1,818)	(1,856)
Staff costs		(18,612)	(11,438)	(1,949)	(1,642)
Depreciation of property, plant and equipment		(208)	(123)	(84)	(37)
Impairment loss on trade receivables		-	(641)	-	(99)
Other expenses		(5,407)	(4,874)	(2,135)	(1,500)
Finance costs		(7)	(549)	(2)	(320)
(Loss)/Profit before tax		(12,310)	(1,297)	(2,464)	1,383
Income tax expense		(385)	-	(111)	-
(Loss)/Profit for the period		<u>(12,695)</u>	<u>(1,297)</u>	<u>(2,575)</u>	<u>1,383</u>
Attributable to:					
Equity holders of the parent		(14,405)	(2,931)	(3,990)	803
Minority interests		1,710	1,634	1,415	580
		<u>(12,695)</u>	<u>(1,297)</u>	<u>(2,575)</u>	<u>1,383</u>
		HK cents	HK cents	HK cents	HK cents
(Loss)/Earnings per share attributable to ordinary equity holders of the parent					
Basic (HK cents per share)	6	<u>(0.528)</u>	<u>(0.172)</u>	<u>(0.146)</u>	<u>0.047</u>
Diluted (HK cents per share)		<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 consolidated financial statements for the nine months ended 31 December 2008 have been prepared in accordance with the Hong Kong Accounting Standard No.34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of the GEM Listing Rules.

The condensed consolidated financial statements are unaudited but have been reviewed by the audit committee of the Company (the "Audit Committee").

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and method of computation used in the preparation of the unaudited condensed consolidated 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 Hong Kong Financial Reporting Standards ("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 Nine months ended 31 December 2008		Unaudited Nine months ended 31 December 2007	
	Segment Turnover HK\$'000	Segment Profit/(Loss) HK\$'000	Segment Turnover HK\$'000	Segment Profit/(Loss) HK\$'000
Sales of customized software and related computer equipment	9,278	918	12,832	9,438
Technical support and maintenance services income	2,012	1,622	2,460	1,346
Profits assigned from a junket representative of a VIP lounge of a casino in Macau	854	854	5,447	5,447
Interest income from money lending business	1,512	144	-	-
	<u>13,656</u>	<u>3,538</u>	<u>20,739</u>	<u>16,231</u>
Other revenue		2,979		97
Unallocated corporate expense		(18,820)		(17,076)
Finance costs		(7)		(549)
Loss before tax		(12,310)		(1,297)
Income tax expense		(385)		-
Loss for the period		<u>(12,695)</u>		<u>(1,297)</u>

	Unaudited Nine months ended 31 December 2008	Unaudited Nine months ended 31 December 2007
	Turnover HK\$'000	Turnover HK\$'000
Hong Kong	8,138	11,911
Macau	854	5,447
The PRC	4,664	3,381
	13,656	20,739

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 nine months ended 31 December 2008 of approximately HK\$14,405,000 (2007: HK\$2,931,000) and on the weighted average number of 2,728,548,939 (2007: 1,707,830,034) ordinary shares in issue during the period.

The weighted average number of ordinary shares for the period ended 31 December 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 and nine months ended 31 December 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 31 December 2008 are not included in calculating the diluted basic loss per share.

The basic and diluted (loss)/earnings per share are the same for the three months and nine months ended 31 December 2007, as there was no potential dilutive ordinary share outstanding as at 31 December 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	
	Nine months ended 31 December		Nine months ended 31 December	
	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))	10,000,000	1,000,000	100,000	100,000
Issued and fully paid:				
At beginning of period	2,727,270	303,030	27,273	30,303
Rights issue	-	303,030	-	30,303
Issue of bonus shares	-	303,030	-	30,303
Exercise of warrants	1,309	-	13	-
At end of period	2,728,579	909,090	27,286	90,909

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. CHANGES IN EQUITY

	Attributable to equity holders of the parent								
	Share capital	Share premium	Merger reserve	Exchange reserve	Share option reserve	Accumulated losses	Total	Minority interests	Total
	HK\$ '000	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	-	-	-	-	-	(2,931)	(2,931)	1,634	(1,297)
Right Issues	30,303	9,091	-	-	-	-	39,394	-	39,394
Share issue expenses	-	(3,325)	-	-	-	-	(3,325)	-	(3,325)
Issue of bonus share	30,303	(30,303)	-	-	-	-	-	-	-
Exchange differences arising on translation of foreign subsidiaries	-	-	-	26	-	-	26	-	26
At 31 December 2007	<u>90,909</u>	<u>6,833</u>	<u>(341)</u>	<u>(59)</u>	<u>-</u>	<u>(36,249)</u>	<u>61,093</u>	<u>3,364</u>	<u>64,457</u>
At 1 April 2008	27,273	123,470	(341)	(29)	882	(39,313)	111,942	9,117	121,059
Loss for the period	-	-	-	-	-	(14,405)	(14,405)	1,710	(12,695)
Share issue expenses	-	(74)	-	-	-	-	(74)	-	(74)
Exercise of warrants	13	60	-	-	-	-	73	-	73
Equity-settled share-based payments	-	-	-	-	13,812	-	13,812	-	13,812
Exchange differences arising on translation of foreign subsidiaries	-	-	-	(339)	-	-	(339)	-	(339)
At 31 December 2008	<u>27,286</u>	<u>123,456</u>	<u>(341)</u>	<u>(368)</u>	<u>14,694</u>	<u>(53,718)</u>	<u>111,009</u>	<u>10,827</u>	<u>121,836</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

During the period under review, turnover of the Group was approximately HK\$13.66 million, recording a decline of 34.14% when compared to the corresponding period of previous year (2007: HK\$20.74 million). Loss attributable to shareholders was HK\$14.41 million (2007: HK\$2.93 million). The higher net loss attributable to the shareholders was mainly due to the non-cash cost associated with equity-settled share options. Disregarding this item, the Group recorded a net loss attributable to shareholders of HK\$593,000, representing a drop in loss of 80%.

The decrease in turnover was mainly due to the disappointing performance of the gaming and entertainment business in Macau generally. The growing number of new casinos and VIP gaming tables, the measures adopted by the Guangdong government to tighten the individual visits to Macau under the individual visit scheme and the meltdown of the worldwide financial markets drove down the net win for each of the VIP gaming tables. However, the contribution from the new stream of business of provision of money lending services has narrowed the decline in turnover for the period under review.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS

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 in 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.

Referring to the announcement dated 11 August 2008, the Company entered into a non-legally binding letter of intent ("LOI") proposing to acquire a controlling interest in a domestic company, principally engaged in paper manufacturing and package, incorporated in Shandong Province in the People's Republic of China.

Referring to the announcement dated 23 January 2009, the Company has terminated the LOI and will pursue negotiation with the new shareholder of the said paper manufacturing company.

PROSPECTS

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. The Group will strive to maintain its market share in the current business operations and at the same time, explore new business opportunities, such as paper manufacturing and package as mentioned above, in order to expand the scope of our businesses and bring higher returns to shareholders.

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 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. A summary of the movement of the share options for the nine months ended 31 December 2008 is as follows:

Grantee	At 1 April 2008	Granted during the period	Exercised during 31 December the period	At 31 December 2008	Date of grant (dd/mm/yy)	Exercise period (dd/mm/yy)	Exercise price (HK\$)
Directors							
Ng Kwok Chu, Winfield	1,000,000	-	-	1,000,000	20/02/08	20/02/08 to 19/02/18	0.061
	-	1,000,000	-	1,000,000	02/05/08	02/05/08 to 01/05/18	0.049
Ng Chau Tung, Robert	1,000,000	-	-	1,000,000	20/02/08	20/02/08 to 19/02/18	0.061
	-	1,000,000	-	1,000,000	02/05/08	02/05/08 to 01/05/18	0.049
Wong Kam Leong	-	27,000,000	-	27,000,000	09/05/08	09/05/08 to 08/05/18	0.048
Li Jie Yi	-	27,000,000	-	27,000,000	09/05/08	09/05/08 to 08/05/18	0.048
Yip Wai Ki	-	26,000,000	-	26,000,000	07/07/08	07/07/08 to 06/07/18	0.036
Cheng Tze Kit, Larry	-	4,800,000	-	4,800,000	07/07/08	07/07/08 to 06/07/18	0.036
Sub-total	2,000,000	86,800,000	-	88,800,000			

Grantee	At 1 April 2008	Granted during the period	Exercised during the period	At 31 December 2008	Date of grant (dd/mm/yy)	Exercise period (dd/mm/yy)	Exercise price (HK\$)
Employees							
In aggregate	14,000,000	-	-	14,000,000	20/02/08	20/02/08 to 19/02/18	0.061
In aggregate	2,000,000	-	-	2,000,000	22/02/08	22/02/08 to 21/02/18	0.062
In aggregate	-	18,000,000	-	18,000,000	02/05/08	02/05/08 to 01/05/18	0.049
In aggregate	-	50,000,000	-	50,000,000	09/05/08	09/05/08 to 08/05/18	0.048
In aggregate	-	52,000,000	-	52,000,000	30/09/08	30/09/08 to 29/09/18	0.041
Sub-total	<u>16,000,000</u>	<u>120,000,000</u>	<u>-</u>	<u>136,000,000</u>			
Other Eligible Persons							
In aggregate	-	100,000,000	-	100,000,000	09/05/08	09/05/08 to 08/05/18	0.048
In aggregate	-	160,000,000	-	160,000,000	17/09/08	17/09/08 to 16/09/18	0.0506
In aggregate	-	26,000,000	-	26,000,000	31/12/08	31/12/08 to 30/12/18	0.035
Sub-total	<u>-</u>	<u>286,000,000</u>	<u>-</u>	<u>286,000,000</u>			
Total	<u><u>18,000,000</u></u>	<u><u>492,800,000</u></u>	<u><u>-</u></u>	<u><u>510,800,000</u></u>			

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

Mr. Hui Siu Lun

(Appointed on 30 June 2008)

(Resigned on 30 June 2008)

Independent non-executive directors

Mr. Ng Kwok Chu, Winfield

Mr. Ng Chau Tung, Robert

Mr. Cheng Tze Kit, Larry

Mr. Leung Kar Loon, Stanley

(Appointed on 30 June 2008)

(Resigned on 30 June 2008)

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

As at 31 December 2008, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) 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:

Long positions in shares of the Company:

Name	Type of interest	Number of ordinary shares of the Company	Number of underlying shares of the Company	Aggregate long positions in shares of the Company	Percentage of Shareholding
Directors					
Wong Kam Leong	Corporate Interest	852,500,000 (Note 1)	61,500,000 (Note 2)		
	Personal Interest		27,000,000 (Note 3)	941,000,000	34.49%
Li Jie Yi	Personal Interest	-	27,000,000 (Note 3)	27,000,000	0.99%
Yip Wai Ki	Personal Interest	-	26,000,000 (Note 4)	26,000,000	0.95%
Ng Kwok Chu, Winfield	Personal Interest	-	2,000,000 (Note 5)	2,000,000	0.07%
Ng Chau Tung, Robert	Personal Interest	-	2,000,000 (Note 5)	2,000,000	0.07%
Cheng Tze Kit, Larry	Personal Interest	-	4,800,000 (Note 6)	4,800,000	0.18%

Notes:

1. The 852,500,000 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 31 December 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 31 December 2008, the named director held 27,000,000 share options conferring rights to subscribe for 27,000,000 shares.
4. As at 31 December 2008, the named director held 26,000,000 share options conferring rights to subscribe for 26,000,000 shares.
5. As at 31 December 2008, the named director held 2,000,000 share options conferring rights to subscribe for 2,000,000 shares.
6. As at 31 December 2008, the named director held 4,800,000 share options conferring rights to subscribe for 4,800,000 shares.

Save as disclosed above, as at 31 December 2008, none of the directors and the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDER'S INTERESTS 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 2008, the Company had been notified of the following substantial shareholder's interests, being 5% or more of the Company's issued share capital.

Long positions in shares of the Company:

Name	Number of ordinary shares held	Number of underlying shares held	Aggregate long positions in shares of the Company	Percentage of shareholding
Wide Fine International Limited (<i>Note 1</i>)	852,500,000	61,500,000	914,000,000	33.50%

Note:

- Wide Fine International Limited is beneficially and wholly owned by Mr. Wong Kam Leong, an executive Director.

Save as disclosed above, as at 31 December 2008, the Company has not been notified of any other person (other than a director or the chief executive of the Company) having an interest or short position in the shares and underlying shares of the Company that was required to be reported pursuant to section 336 of the SFO.

COMPETING INTERESTS

As at 31 December 2008, the directors were 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.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company applied the principles and complied with all the code provisions as set out in the Code on Corporate Governance Practices ("GC Code") contained in Appendix 15 of the GEM Listing Rules throughout the period, except Mr. Wong Kam Leong was both the chairman and chief executive director of the Company. Such practice deviates from the provision A.2.1 of the GC Code which requires that the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. The Board has discussed and concluded that the current practice of having the position of the chairman and the chief executive officer being held by the same individual is fair and reasonable and does not intend to change the current practice at the moment.

AUDIT COMMITTEE

In compliance with Rules 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 results for the nine months ended 31 December 2008 have been reviewed by the audit committee. Members of the committee were of the opinion that the preparation of such results complied with the applicable accounting standards, the Stock 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 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 nine months ended 31 December 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

12 February 2009, 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.