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 your licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in **Long Success International (Holdings) Limited** (the "Company"), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities.

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)

VERY SUBSTANTIAL ACQUISITION

Financial adviser to the Company

WALLBANCK BROTHERS
Securities (Hong Kong) Limited

The notice convening the special general meeting of the Company to be held at the Function Room of Macau Jockey Club, 1/F China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong at 11:00 a.m. on Wednesday, 3 June 2009 (or any adjournment thereof) (the "SGM") is set out on pages 179 to 180 of this circular.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you intend to be present at the SGM, you are requested to complete the form of proxy and return the same to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1806-1807, 18/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjournment thereof if you so wish.

This circular will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting.

* *for identification purposes only*

14 May 2009

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 high 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.

CONTENTS

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

"associates"	has the meaning ascribed to it under the GEM Listing Rules
"Acquisition"	the acquisition of 100% equity interest in the Hong Kong Company by the Purchaser from the New Vendor pursuant to the terms and subject to the conditions set out in the Acquisition Agreement
"Acquisition Agreement"	the share transfer agreement as amended by the Supplemental Agreement (with the Confirmation Letter) in relation to the Acquisition which was entered into between the Purchaser and the New Vendor on 10 February 2009
"Amendment Agreement"	the amendment agreement dated 21 March 2009 entered into between the PRC Partner and the Hong Kong Company regarding the Joint Venture Agreement
"Announcement"	the announcement issued on 12 February 2009 by the Company in relation to the acquisition of the entire interest in the Hong Kong Company
"Assets Transfer Agreement"	the agreement dated 16 January 2009 in relation to the transfer of assets relating to paper manufacturing business by a paper manufacturing company situated in Shandong Province in the PRC to the Joint Venture Company
"Board"	the board of Directors
"Bondholder(s)"	holder(s) of the Convertible Bond
"Business Day(s)"	a day (excluding Saturdays) on which banks are generally open for business in Hong Kong
"Company"	Long Success International (Holdings) Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the GEM
"Completion"	the completion of the Acquisition
"Confirmation Letter"	the letter of confirmation dated 17 April 2009 entered into between the Purchaser, the New Vendor and the Hong Kong Company regarding the Acquisition

"Consideration"	the aggregate consideration of HK$190 million payable by the Purchaser to the New Vendor for the Acquisition pursuant to the Acquisition Agreement
"Conversion Price"	HK$0.12 per Conversion Share, subject to adjustments in accordance with conditions of the Convertible Bond
"Conversion Share(s)"	333,333,333 new Shares to be allotted and issued by the Company upon exercise of the conversion right attached to the Convertible Bond
"Convertible Bond(s)"	the convertible bond in the principal amount of HK$40 million to be issued by the Company to the New Vendor or his nominee(s) in partial settlement of the Consideration
"Director(s)"	the director(s) of the Company
"Enlarged Group"	the Group immediately after completion of the Acquisition
"Final Payment"	the issue of the Convertible Bonds and the Promissory Notes by the Company to the New Vendor or his nominee(s) in partial settlement of the Consideration
"GEM"	the Growth Enterprises Market of the Stock Exchange
"GEM Listing Committee"	the listing sub-committee of the board of the Stock Exchange with responsibility of GEM
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong Company"	Mega Bright Investment Development Limited (宏輝投資發展有限公司*)
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Joint Venture Agreement"	the joint venture agreement entered into between the PRC Partner and the Hong Kong Company on 23 October 2008 in relation to the formation of the Joint Venture Company
"Joint Venture Company"	Jining Gangning Paper Co, Ltd. (濟寧港寧紙業有限公司*)

"Latest Practicable Date"	11 May 2009, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication
"Long Stop Date"	31 July 2009 or such later date as the New Vendor and the Purchaser may agree in writing
"PRC"	the People's Republic of China
"PRC Partner"	濟寧昊源紙業有限公司 (Jining Haoyuan Paper Co, Ltd.*), a company established in the PRC and an independent third party (as defended under the GEM Listing Rules) which holds 49% equity interest in the Joint Venture Company
"Promissory Notes"	the promissory notes in the principal amount of HK$46.5 million to be issued by the Company to the New Vendor or his nominee(s) in partial settlement of the Consideration
"Property Lease and Purchase Agreement"	the agreement dated 16 January 2009 in relation to the lease and acquisition of certain land and buildings of the paper manufacturing company situated in Shandong Province in the PRC by the Joint Venture Company
"Purchaser"	Glory Smile Enterprises Limited, a company incorporated in the British Virgin Islands and wholly-owned by the Company, being the purchaser of the Acquisition under the Acquisition Agreement
"Refundable Deposit"	the refundable deposit in the amount of HK$47.5 million in partial settlement of the Consideration
"RMB"	Renminbi, the lawful currency of the PRC
"Second Payment"	the HK$56 million in cash in partial settlement of the Consideration
"SFO"	Securities and Futures Commission Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong)
"SGM"	a special general meeting of the Company to be convened to consider and, if thought fit, approve by the Shareholders, among other things, the Acquisition Agreement and the transactions contemplated thereunder
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supplemental Agreement"	the supplemental agreement dated 30 March 2009 entered into between the Purchaser and the New Vendor regarding the Acquisition
"Takeovers Code"	The Hong Kong Code on Takeovers and Mergers
"Target Group"	the Hong Kong Company and its subsidiary(ies) (including the Joint Venture Company)
"RMB"	Renminbi, the lawful currency of the People's Republic of China
"%"	per cent.

For the purpose of this circular, all amounts denominated in RMB and USD have been translated (for information only) into HK$ using the exchange rates of RMB1.00:HK$1.13 and USD1.00: HK$7.80. Such translation shall not be construed as a representation that amounts of RMB and USD were or may have been converted.

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
Ms. Li Jie Yi
Mr. Yip Wai Ki

Independent Non-executive Directors:
Mr. Ng Kwok Chu, Winfield
Mr. Ng Chau Tung, Robert
Mr. Cheng Tze Kit, Larry

Registered Office:
Canon Court,
22 Victoria Street,
Hamilton HM12,
Bermuda

Principal Office in Hong Kong:
26/F, EIB Centre,
40-44 Bonham Strand,
Sheung Wan,
Hong Kong

14 May 2009

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL ACQUISITION

INTRODUCTION

On 12 February 2009, the Board announced that after trading hours on 10 February 2009, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with the New Vendor pursuant to which the New Vendor has agreed to sell and the Purchaser has agreed to acquire the entire equity interest in the Hong Kong Company (in turn the 51% equity interest in the Joint Venture Company) at a consideration of HK$190 million. The Joint Venture Company currently holds certain assets, relating to carrying on a paper manufacturing business, acquired by the Assets Transfer Agreement and the Property Lease and Purchase Agreement.

On 30 March 2009, the Purchaser and the New Vendor entered into the Supplemental Agreement for the purpose of varying the terms of payment of the Consideration. Subsequently on 17 April 2009, the Purchaser, the New Vendor and Hong Kong Company entered into the Confirmation Letter for the purpose of confirming the details as stated in the Acquisition Agreement.

Pursuant to the Acquisition Agreement as amended by the Supplemental Agreement, the Consideration will be satisfied by (i) the Refundable Deposit of HK$47.5 million in cash; (ii) the Second Payment of HK$56 million in cash; and (iii) the Final Payment of HK$86.5 million in the form of Convertible Bonds and the Promissory Notes.

* *for identification purposes only*

The purpose of this circular is to provide you with, amongst other things, (i) further details of the Acquisition and other disclosures in connection with the Acquisition required pursuant to the GEM Listing Rules; and (ii) the notice of the SGM which shall be convened for the purpose of considering and, if thought fit, approving the resolution in relation to the Acquisition Agreement and the transactions contemplated thereunder.

THE ACQUISITION AGREEMENT, THE SUPPLEMENTAL AGREEMENT AND THE CONFIRMATION LETTER

Date

After trading hours on 10 February 2009 (as amended by the Supplemental Agreement dated 30 March 2009).

Purchaser

Glory Smile Enterprises Limited, a company incorporated in the British Virgin Islands and wholly owned by the Company.

Vendor

Mr. Chook Hong Shee. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the New Vendor is a third party independent of the Company and its connected persons as defined under the GEM Listing Rules.

Subject

Pursuant to the Acquisition Agreement, the New Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire 100% equity interest in the Hong Kong Company, which holds 51% equity interest in the Joint Venture Company. There will be no restrictions on subsequent sale of the Hong Kong Company's equity interest, but any subsequent sale shall be subject to the compliance of the requirements under the GEM Listing Rules. Save and except for the 51% equity interest in the Joint Venture Company, and a loan of approximately HK$11 million (or more prior to the Completion) due to the New Vendor arising from capital injection to the Joint Venture Company, the Hong Kong Company has no other material assets and liabilities as at the Latest Practicable Date. Pursuant to the Confirmation Letter, parties to the Acquisition Agreement confirmed with the Hong Kong Company that the Consideration includes the purchase of the shares in Hong Kong Company and the aforesaid shareholder's loan. The New Vendor undertook that prior to or upon completion of the Acquisition Agreement, he will enter into a deed of assignment whereby he will assign such loan to the Purchaser.

The Consideration

Pursuant to the Supplemental Agreement, the Consideration of HK$190 million is to be satisfied in the following manner (or other terms of payment as may be agreed by both parties in writing):

(i) as to HK$47.5 million by cash as the Refundable Deposit payable on or before 10 April 2009. As at the Latest Practicable Date, the Refundable Deposit has been paid;

(ii) as to HK$56 million by cash as the Second Payment payable within 4 month after the approval of the Acquisition Agreement and the transactions contemplated thereunder at the SGM;

(iii) as to HK$40 million by issue of the Convertible Bonds convertible into 333,333,333 Conversion Shares at a conversion price of HK$0.12 per Conversion Share by the Company to the New Vendor or his nominee(s) within 1 month upon Completion; and

(iv) as to HK$46.5 million by issue of the Promissory Notes by the Company to the New Vendor or his nominee(s) which bear an interest of 1% above the prime rate as quoted by the Hongkong and Shanghai Banking Corporation Limited within 1 month upon Completion.

Pursuant to the Confirmation Letter, the Convertible Bonds and the Promissory Notes to be issued to the New Vendor or his nominee(s) will be held in escrow by the legal adviser of the Company until the capital injection of the Joint Venture Company in the sum of US$28 million has been completed. Alternatively, subject to mutual agreements by the Company and the New Vendor or his nominee(s), the Convertible Bonds and the Promissory Notes may be released in stages and by tranches calculated in reference to the amount of capital the New Vendor injected into the Joint Venture Company at each stage. The New Vendor has undertaken to inject capital into the Joint Venture Company, up to an amount in proportion to the Hong Kong Company's 51% share of the US$28 million.

The Acquisition is subject to sufficient funding to finance the Consideration from the net proceeds of any fund raising exercise, including by way of placing new shares or issuing other securities to investors who are third party independent of the Company and its connected persons (as defined in the GEM Listing Rules) by the Company.

Adjustment to the Consideration

Pursuant to the Acquisition Agreement, in the event that the New Vendor has not paid up the registered capital of the Joint Venture Company in full on or before 10 February 2011 or there has been a material change (not in usual custom) in the business relationship between the Target Group and its customers, suppliers, staff and partner, the Purchaser has the right to adjust the Consideration and require the New Vendor to refund the Refundable Deposit without interest and any other payment(s) (including but not limited to the Second Payment) made by the Purchaser to the New Vendor within 10 Business Days upon serving notice to the New Vendor.

The Consideration under the Acquisition Agreement was arrived at after arm's length negotiations between the parties thereto with reference to, among other things, (i) the average price to earning ratio of approximately 6 times for companies engaged in business relating to paper manufacturing and listed in Hong Kong; (ii) the profit guarantees on the Joint Venture Company of not less than RMB60 million for each of the two years ended 31 December 2011; and (iii) the future prospect of the paper manufacturing business as described in the paragraph headed "**REASONS FOR AND BENEFITS OF THE ACQUISITION**" below.

The profit guarantee

According to the Acquisition Agreement, the New Vendor shall provide profit guarantees of not less than RMB60 million profit after tax on the Joint Venture Company for each of the two years ended 31 December 2011. The accounting standard to be adopted for calculating the profit guarantee of RMB60 million shall be based on generally accepted accounting principles in the PRC.

If the Joint Venture Company fails to meet the aforesaid profit guarantees for any of the two years ended 31 December 2011, the New Vendor shall pay the Purchaser a compensation equivalent to the shortfall of the aforesaid profit guarantee for that year in proportion to 51% equity interest in the Joint Venture Company. If the Joint Venture Company records a loss for any of the two years ended 31 December 2011, the New Vendor shall pay the Purchaser a compensation equivalent to the loss in proportion to 51% equity interest in the Joint Venture Company for that year plus RMB30.6 million (being the compensation for 51% of the shortfall of the profit guarantee) for that year.

The profit guarantees and the compensation will be settled on a dollar to dollar basis. The Purchaser has the right to choose the way of settlement of compensation by the Convertible Bonds, the Promissory Notes or cash.

Conditions precedent of the Acquisition

Completion of the Acquisition Agreement is subject to the fulfillment of the following conditions precedent:

(i) the Purchaser having obtained a PRC legal opinion (the "**PRC Legal Opinion**") (in such form and substance to its satisfaction) from a qualified PRC legal adviser;

(ii) the Purchaser, its agent or professional advisers being reasonably satisfied with the results of the due diligence review;

(iii) (if required) the New Vendor having obtained all approvals, confirmations, waiver or consents in respect of the Acquisition Agreement and all transactions contemplated thereunder under applicable laws and regulations from the relevant authorities having jurisdiction over the New Vendor or other relevant third parties;

(iv) the Shareholders having in general meeting approved the Acquisition Agreement, the allotment and issue of the Conversion Shares upon exercise of the conversion right attached to the Convertible Bond and all transactions contemplated thereunder;

(v) the GEM Listing Committee of the Stock Exchange having granted or agreeing to grant the listing of, and permission to deal in, the Conversion Shares, whether subject to conditions or not;

(vi) the Purchaser being satisfied, from the date of signing of the Acquisition Agreement and at any time before the Completion, that the representations, warranties and undertakings given under the Acquisition Agreement remain true, accurate, not misleading or in breach in any material respect and that no event has suggested that there were any material change in such representations, warranties and undertakings;

(vii) the Purchaser not having discovered or known that from the date of signing of the Acquisition Agreement, there being any abnormal operations or any material adverse change in the business, positions (including assets, financial and legal status), operations, performance or assets, or any undisclosed material potential risks in respect of the Target Group; and

(viii) the Company having obtained sufficient funding to discharge its obligation under the Acquisition Agreement.

The Purchaser has the right to waive in writing the conditions mentioned above (other than conditions iv, v and viii). If the conditions mentioned above have not been fulfilled in full (or, where applicable, waived by the Purchaser in writing) on or before the Long Stop Date, the Purchaser shall have the right to terminate the Acquisition Agreement after the Long Stop Date by serving notice in writing to such effect on the New Vendor. As at the Latest Practicable Date, conditions (i), (iii) and (vii) have been fulfilled.

Upon termination of the Acquisition Agreement for the above reason, none of the parties shall have any claims against the other parties (other than any antecedent breaches) under the Acquisition Agreement.

Completion

Completion of the Acquisition Agreement shall take place on the tenth Business Day following the date on which all of the conditions (i) to (viii) above have been fulfilled (or, where applicable, waived).

Given that the terms of the Acquisition Agreement were negotiated on an arm's length basis, the provision of profit guarantees of not less than RMB60 million for each of the two years ended 31 December 2011 on the Joint Venture Company by the New Vendor and the future prospect of the paper manufacturing business, the Board considers that the terms of the Acquisition Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

THE CONVERTIBLE BONDS

Pursuant to the terms of the Acquisition Agreement as amended by the Supplemental Agreement, the Company will issue the Convertible Bonds in the principal amount of HK$40 million to the New Vendor or his nominee(s) in partial settlement of the Consideration within 1 month upon Completion. Further, parties to the Acquisition Agreement have agreed with the Hong Kong Company in the Confirmation Letter that the Convertible Bonds to be issued to the New Vendor or his nominee(s) will be held in escrow by the legal adviser of the Company until the capital injection of the Joint Venture Company has been completed. Alternatively, subject to mutual agreements by the Company and the New Vendor or his nominee(s), the Convertible Bonds may be released in stages and by tranches calculated in reference to the amount of capital the New Vendor injected into the Joint Venture Company at each stage. Principal terms of the Convertible Bonds are set out as follows:

Issuer	:	The Company.
Aggregate principal amount	:	HK$40 million.
Form and denomination	:	HK$1 million for each note.
Maturity date	:	2nd anniversary date of the Convertible Bonds.
Interest	:	Interest free.
Conversion price	:	HK$0.12 per Conversion Share.
Transferability	:	Freely transferable. The Convertible Bonds shall not be transferred to any connected person(s) of the Company (as defined in the GEM Listing Rules) without the consent of the Stock Exchange.
Adjustment to conversion price	:	The Conversion Price is subject to adjustments upon the occurrence of, among other matters, further adjustments of payment under the Acquisition, subdivision or consolidation of Shares, capitalisation issues, rights issues and other dilutive events, which adjustments shall be determined by approved merchant bankers in such manner as it considers appropriate.
Voting rights and ranking	:	Holder(s) of the Convertible Bonds shall not be entitled to attend or vote at any general meeting of the Company. Upon issue and allotment, Conversion Shares shall rank in all aspects pari passu with all Shares in issue as at the date of allotment and issue.
Listing	:	The Convertible Bonds will not be listed on the Stock Exchange or any other stock exchange. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

Assuming there is an immediate exercise in full of the conversion rights attaching to the Convertible Bonds at the conversion price of HK$0.12 per Conversion Share by the New Vendor or his nominee(s), the Company will allot and issue an aggregate of 333,333,333 new Shares, representing approximately 11.00% of the existing issued share capital of the Company and approximately 9.90% of the issued share capital of the Company as enlarged by allotment and issue of the Conversion Shares. The Conversion Shares will be issued under a specific mandate proposed to be obtained at the SGM, and there will be no restrictions on subsequent sale of the Conversion Shares. The issue of the Conversion Shares by the Company will not result in a change of control of the Company.

The initial conversion price of the Conversion Shares is at HK$0.12 per Share and has been determined after arm's length negotiations between the Company and the New Vendor taking account of the prevailing market prices of the Shares. The initial conversion price of the Convertible Bonds of HK$0.12 per Conversion Share represents:

(i) a premium of approximately 233.33% over the closing price of the Shares of HK$0.036 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a premium of approximately 200.00% over the closing price of the Shares of HK$0.040 per Share as quoted on the Stock Exchange on 30 March 2009, being the last trading day before the date of signing of the Supplemental Agreement;

(iii) a premium of approximately 192.68% over the average of the closing prices of the Shares of HK$0.041 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including 30 March 2009; and

(iv) a premium of approximately 207.69% over the average of the closing prices of the Shares of HK$0.039 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including 30 March 2009.

The Directors consider that the proposed conversion price is fair and reasonable so far as the Company and the Shareholders are concerned.

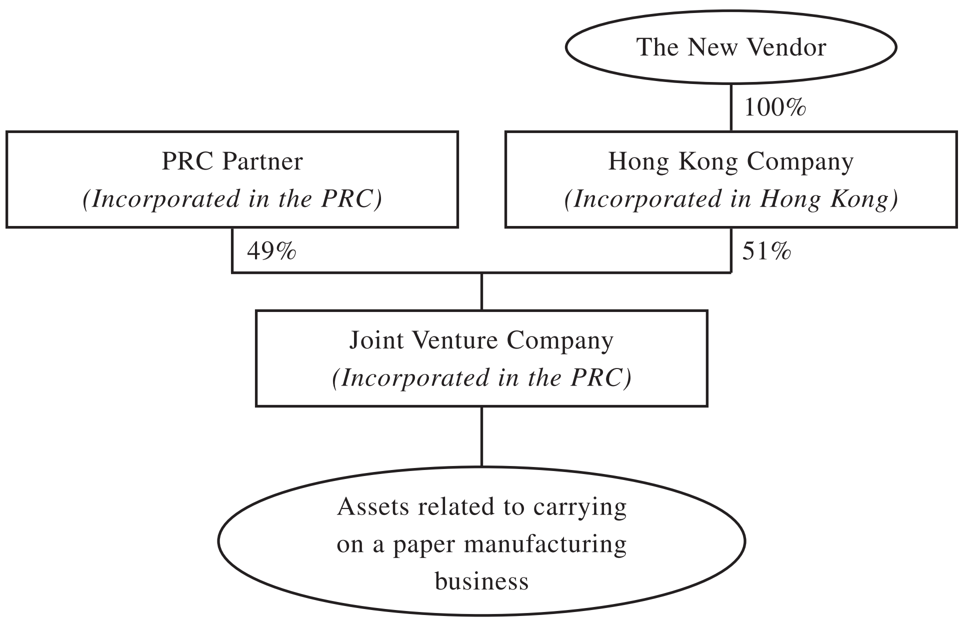
THE PROMISSORY NOTES

Pursuant to the terms of the Acquisition Agreement as amended by the Supplemental Agreement, the Company will issue the Promissory Notes in the principal sum of approximately HK$46.5 million to the New Vendor or his nominee(s) in partial settlement of the Consideration within 1 month upon Completion. The Promissory Notes bear an interest of 1% above the prime rate as quoted by the Hongkong and Shanghai Banking Corporation Limited. The Promissory Notes are transferrable, but limited to third parties independent of the Company and its connected persons and will mature at the end of the thirty-sixth month after issue. Further, parties to the Acquisition Agreement have agreed with the Hong Kong Company in the Confirmation Letter that the Promissory Notes to be issued to the New Vendor or his nominee(s) will be held in escrow by the legal adviser of the Company until the capital injection of the Joint Venture Company has been completed. Alternatively, subject to mutual agreements by the Company and the New Vendor or his nominee(s), the Promissory Notes may be released in stages and by tranches calculated in reference to the amount of capital the New Vendor injected into the Joint Venture Company at each stage.

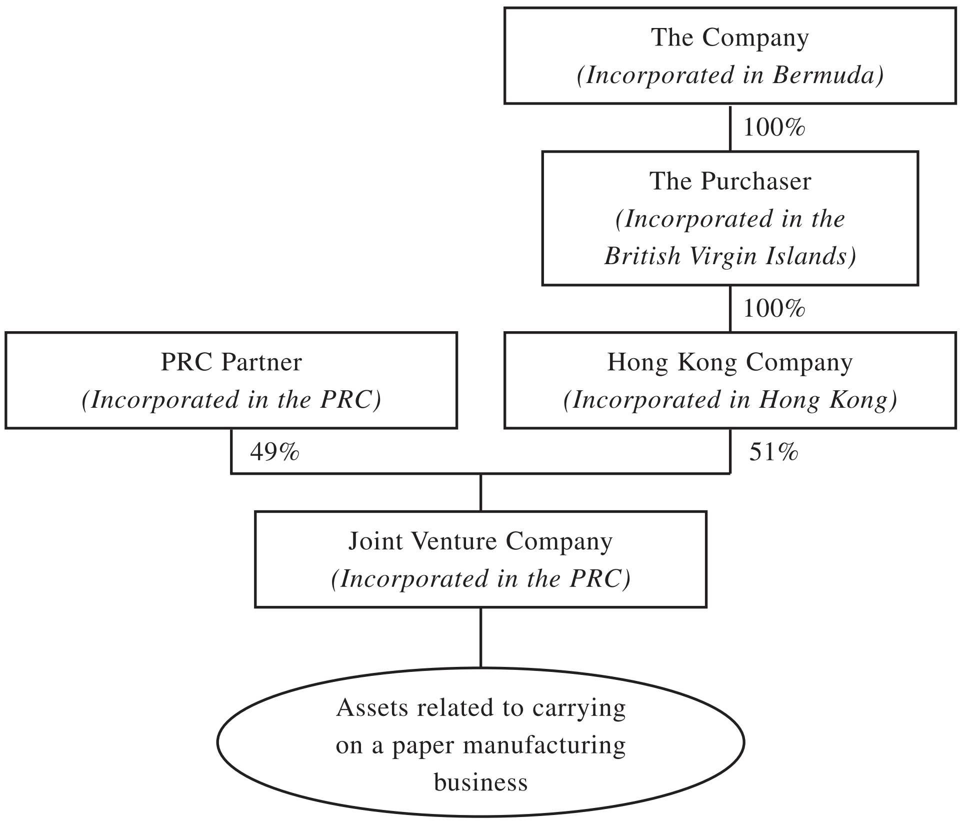
SHAREHOLDING STRUCTURE OF THE JOINT VENTURE COMPANY

Upon completion of the Acquisition, the Company will hold indirectly 51% equity interest in the Joint Venture Company which currently holds the assets relating to carrying on a paper manufacturing business. The shareholding structures of the Joint Venture Company before and after the completion of the Acquisition are as follows:

The shareholding structure of the Joint Venture Company before completion of the Acquisition



The shareholding structure of the Joint Venture Company after completion of the Acquisition



EFFECT ON THE SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) upon completion of the Acquisition and full conversion of the Convertible Bonds:

Shareholders	**As at the Latest Practicable Date#**		**Upon completion of the Acquisition and full conversion of the Convertible Bonds**	
	Number of Shares	*%*	*Number of Shares*	*%*
Wide Fine International Limited *(Note 1)*	852,500,000	28.12	852,500,000	25.33
Mr. Yip Wai Ki *(Note 2)*	10,000,000	0.33	10,000,000	0.30
Public Shareholders				
– the New Vendor	–	–	333,333,333	9.90
– other public Shareholders	2,169,482,028	71.55	2,169,482,028	64.47
Total	3,031,982,028	100.00	3,365,315,361	100.00

Notes:

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

2. Mr. Yip Wai Ki is a Director.

[#] *Source: the records from Computershare Hong Kong Investor Services Ltd. and the Company reflecting the shareholding structure of the Company on 11 May 2009. In the event that the figures in the shareholding structure are different from those as disclosed in the above table, the Company would issue an announcement regarding the difference(s).*

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Directors represent that the unfavorable market conditions in the gaming and entertainment business in Macau and the meltdown of the worldwide financial markets have forced the management to seek diversification in the Group's business. The Board discerns the economic development and growth from the PRC is going to be one of the main origins to the world's economic growth, and the investment in the paper manufacturing business in the PRC will bring a higher return to the Shareholders.

EXISTING PRODUCTION CAPACITY OF THE MACHINERIES

The sale and purchase of the assets under the Assets Transfer Agreement consist of 2-paper production lines and stock or pulp preparation section for making paper products. In April 2009, the Joint Venture Company has the following production and selling records:

	Production Lines	
	No. 1	**No. 2**
	Approx.	**Approx.**
	(Unaudited)	(Unaudited)
	Grade C Paperboard	**Grade A Paperboard**
Production	2,800 tons	7,200 tons
Selling price *(RMB per ton)*		
– highest	3,050	4,200
– lowest	2,690	3,750
– average	2,846	3,976

UPGRADING PLAN FOR PRODUCTION CAPACITY AND HIGH VALUE PRODUCT LINES

Investment will be made in order to upgrade and achieve the following production capacity and to be able to manufacture high value paper products with the following expected selling price:

	Production Lines			
	No. 1 Approx. *(Note 1)*		**No. 2 Approx.**	**No. 3 Approx.** *(Note 2)*
	Grade C Paperboard	**Bond Base Paper**	**Grade A Paperboard**	**Art Coated Base Paper**
Year 2010				
Production capacity *(monthly average)*	2,330 tons	–	7,000 tons	3,900 tons
Selling price *(RMB per ton)*				
– highest	3,150	–	4,270	7,040
– lowest	2,300	–	2,400	5,130
– average	2,590	–	3,270	6,240
Year 2011				
Production capacity *(monthly average)*	1,230 tons	3,200 tons	6,730 tons	2,900 tons
Selling price *(RMB per ton)*				
– highest	2,860	8,260	3,810	7,610
– lowest	2,440	6,220	3,230	7,200
– average	2,630	7,600	3,460	7,490

Notes

1. Production line no.1 will be upgraded in 2010 and produce new high value bond base paper in January 2011.

2. Production line no.3 is expected to produce high value paper product from July 2010.

RISK FACTORS

Possible risk factors which may be faced by the Company are as follows:

(i) Significant and continuous capital investment

The paper manufacturing business requires significant and continuous capital investment; the upgrading plan for production capacity and explore new high value product lines may not be completed as planned, may exceed the original budgets and may not achieve the intended economic results or commercial viability.

Actual capital expenditures may significantly exceed the Company's budgets because of various factors beyond the Company's control, which in turn may affect the Company's financial condition.

(ii) The upgrading plan for production capacity and high value product lines involves estimation and may be inaccurate

The upgrading plan for production capacity and high value product lines involves estimation made by the management of the Joint Venture Company based on their industry experience. These estimates may be inaccurate and may differ materially from the actual results. There are inherent uncertainties in estimating production capacity and market prices of the paper products, including many factors, assumptions and variables that are beyond the Company's control. The actual volume of production, rate of production and paper products may be different from the estimates.

(iii) Cyclical nature of paper products market and fluctuations in paper product prices

The revenue generated from the Joint Venture Company is subject to the cyclical nature of the paper products market which is affected by numerous factors beyond the Company's control, for example, general economic conditions in the PRC and the development of the industry of paper manufacturing business in the PRC. The selling price and the profit of the paper manufacturing business will depend on supply and demand forces in the markets.

FINANCIAL EFFECTS OF THE ACQUISITION

Following the completion of the Acquisition, the Joint Venture Company will become an indirect non wholly-owned subsidiary of the Group and its financial statements would be consolidated into the accounts of the Group. Assuming the Acquisition had been completed on 30 September 2008 and assuming no adjustment to the consideration would be required, according to the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV of this circular, the total assets of the Group would increase from approximately HK$130,581,000 to approximately HK$471,593,000 and the total liabilities of the Group would increase from approximately HK$6,243,000 to approximately HK$330,224,000.

Based on the profit guarantees provided by the New Vendor on the Joint Venture Company, the Acquisition is expected to have positive effects on the revenue and earnings of the Enlarged Group.

FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

As mentioned in the interim report of the Company for the six months ended 30 September 2008, 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, and the meltdown of the worldwide financial markets have speeded up diversification. The Board discerns the economic development and growth from the PRC is going to be one of the main origins to the world's economic growth, and the investment in the paper manufacturing business in the PRC will bring a higher return to the shareholders.

INFORMATION ON THE TARGET GROUP

Hong Kong Company

The Hong Kong Company is an investment holding company incorporated on 5 May 2008 and is wholly-owned by the New Vendor. The Hong Kong Company acquired its equity interest in the Joint Venture Company on 6 November 2008. According to the accountants' report on the Target Group as set out in Appendix II to this circular, the Hong Kong Company recorded a consolidated net loss (both before and after taxation and extraordinary items) of approximately HK$148,000 for the period from 5 May 2008 (date of incorporation) to 31 March 2009, and its consolidated net assets value was approximately HK$7,598,000 as at 31 March 2009. Such net assets value excluded (i) the inventories to be transferred under the Assets Transfer Agreement which would be accounted for when the Joint Venture Company was in full operation in early April 2009; and (ii) the land and buildings which would be accounted for when the titles and property ownership for all land and buildings covered by the Property Lease and Purchase Agreement had been passed to the Joint Venture Company on 17 April 2009. The consideration for all assets, including inventories and plant and machinery, was RMB128,000,000 under the Assets Transfer Agreement. The consideration for land and buildings was RMB55,000,000 under the Property Lease and Purchase Agreement. Save and except for the 51% equity interest in the Joint Venture Company, and a loan of approximately HK$11 million due to the New Vendor arising from capital injection to the Joint Venture Company, the Hong Kong Company has no other material assets and liabilities as at the Latest Practicable Date.

Joint Venture Company

As at the Latest Practicable Date, the Joint Venture Company is owned as to 51% by the Hong Kong Company and 49% by the PRC Partner. On 23 October 2008, the Hong Kong Company and the PRC Partner entered into the Joint Venture Agreement. The Joint Venture Company was incorporated on 6 November 2008. On 21 March 2009, the Hong Kong Company and the PRC Partner entered into the Amendment Agreement to increase the registered capital and the total investment of the Joint Venture Company from USD2 million (equivalent to approximately HK$15.60 million) and USD2.8 million (equivalent to approximately HK$21.84 million) respectively to USD10 million (equivalent to approximately HK$78.00 million) and USD25 million (equivalent to approximately HK$195.00 million) on a pro-rata basis according to their respective shareholding interests in the Joint Venture Company. Pursuant to the Confirmation Letter, the New Vendor undertook to inject capital into the Joint Venture Company until the registered capital of the Joint Venture Company would be increased to an amount of US$28 million (equivalent to approximately HK$218.40 million), and the New Vendor has confirmed with the Purchaser and the Hong Kong Company that the Purchaser and the Hong Kong Company have no obligation to provide any injection of capital into the Joint Venture Company. The amount of injection undertaken by the New Vendor will be in proportion to the Hong Kong Company's 51% share of the US$28 million. The aforesaid increase in registered capital shall be subject to final approval by the PRC government authority after the signing of the relevant documents by both parties.

The Joint Venture Company is engaged in the manufacture and sale of various types of kraft paper. Its production facilities comprise 3-paper production lines (designated as Line Nos. 1, 2 and 3), a waste water treatment plant, various equipment for the supply of plant utilities, various laboratory and office equipment, various material handling equipment and other associated equipment.

Upon completion of the Acquisition, the Joint Venture Company will become an indirect non wholly-owned subsidiary of the Company and the accounts of the Joint Venture Company will be consolidated into the accounts of the Company. According to the valuation report on plant and machinery of the Joint Venture Company as set out in Appendix V to this circular, the market value of the designated plant and machinery held by the Joint Venture Company was approximately RMB112,479,200 as at 30 April 2009. According to the property valuation report as set out in Appendix VI to this circular, the market value of property interests of the Target Group was approximately RMB55,300,000 as at 30 April 2009. The Joint Venture Company has not been in full operation as at 31 March 2009.

INFORMATION ON THE ASSETS TRANSFER AGREEMENT AND THE PROPERTY LEASE AND PURCHASE AGREEMENT

On 16 January 2009, the Joint Venture Company has signed the Assets Transfer Agreement (as amended by a supplemental agreement dated 14 April 2009) with a paper manufacturing company situated in Shandong Province in the PRC pursuant to which the Joint Venture Company has agreed to acquire the assets of the said paper manufacturing company (including inventories, plant and machinery).

On the same date, the Joint Venture Company has also signed the Property Lease and Purchase Agreement (as amended by a supplemental agreement dated 14 April 2009) with an individual investor pursuant to which the Joint Venture Company has agreed to acquire the land and buildings of the said paper manufacturing company. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the individual investor is a third party independent of the Company and its connected persons as defined under the GEM Listing Rules.

INFORMATION ON THE GROUP

The Group is principally engaged in sales of customised software and related computer equipment; provision of technical support and maintenance services; sharing of profits of a junket representative of a VIP lounge in a casino in Macau and money lending business.

IMPLICATIONS OF THE GEM LISTING RULES

As the applicable percentage ratio defined under the GEM Listing Rules of the Acquisition exceeds 100%, the Acquisition constitutes a very substantial acquisition under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

The SGM will be held to consider and, if thought fit, approve the ordinary resolutions in respect of the Acquisition Agreement and the transactions contemplated thereunder. As no Shareholder has any material interest in the Acquisition Agreement, no Shareholder is required to abstain from voting at the SGM in respect of the Acquisition Agreement and the transactions contemplated thereunder.

SGM

The SGM will be held at the Function Room of Macau Jockey Club, 1/F, China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong at 11:00 a.m. on Wednesday, 3 June 2009 to consider and, if thought fit, to approve, among other things, the Acquisition Agreement and the transactions contemplated thereunder.

A notice convening the SGM is set out on pages 179 to 180 of this circular. Whether or not you intend to be present at the SGM, you are requested to complete the form of proxy and return the same to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1806-1807, 18/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM 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 at any adjourned meeting should you so wish.

RECOMMENDATION

The Directors consider that the Acquisition Agreement and the transactions contemplated thereunder are fair and reasonable to the Company and in the interest of the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Acquisition Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

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

1. SUMMARY OF FINANCIAL RESULTS FOR THE THREE YEARS ENDED 31 MARCH 2008

The following financial information has been extracted from the audited financial statements of the Group for each of the three years ended 31 March 2008.

(i) Consolidated Income Statement

	Year ended 31 March		
	2006	**2007**	**2008**
	(audited)	(audited)	(audited)
	HK$'000	*HK$'000*	*HK$'000*
Continuing operations			
Revenue	24,720	23,735	25,424
Other income	330	1,127	749
Raw materials and consumables used	(8,040)	(3,240)	(7,119)
Staff costs	(13,407)	(13,724)	(17,671)
Depreciation of property, plant and equipments	(276)	(211)	(241)
Amortisation and impairment loss on intangible assets	(578)	–	–
Impairment loss on available-for-sale financial assets	(330)	–	–
Impairment loss on goodwill	–	–	(33,376)
Impairment loss on trade receivables	(884)	(945)	(671)
Other expenses	(4,447)	(5,462)	(8,300)
Finance costs	(347)	(21)	(619)
(Loss)/ Profit before tax	(3,259)	1,259	(41,824)
Income tax expenses	–	–	–
Profit/(Loss) for the year from continuing operations	(3,259)	1,259	(41,824)
Discontinued operation			
Profit/ (Loss) for the year from discontinued operation	6,108	(5,521)	–
Profit/ (Loss) for the year	2,849	(4,262)	(41,824)
Attributable to:			
Equity holders of the parent	2,849	(5,992)	(43,710)
Minority interests	–	1,730	1,886
	2,849	(4,262)	(41,824)
Profit/ (Loss) per share attributable to ordinary equity holders of the parent			
For continuing and discontinued operations			
Basic and diluted (HK cents per share)	1.13	(0.66)	(2.10)
For continuing operation			
Basic and diluted (HK cents per share)	(1.30)	(0.05)	(2.10)

(ii) Consolidated Balance Sheet

	As at 31 March		
	2006	**2007**	**2008**
	(audited)	(audited)	(audited)
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets			
Intangible assets	–	–	–
Goodwill	–	63,376	30,000
Property, plant and equipment	410	424	667
Interests in subsidiaries	–	–	–
Available-for-sale financial asset	–	–	180
Total non-current assets	410	63,800	30,847
Current assets			
Trade receivables	7,796	8,523	10,631
Loans receivable	–	–	8,727
Prepayment, deposit and other receivables	1,431	712	1,663
Available-for-sale financial assets	–	–	59,000
Fixed deposits	1,300	–	–
Cash and cash equivalents	5,585	1,277	19,189
Total current assets	16,112	10,512	99,210
Current liabilities			
Trade payables	2,425	868	3,497
Accruals and other payables	4,039	4,294	3,862
Deferred consideration for acquisition	–	21,577	–
Receipts in advance	2,083	2,230	771
Current portion of bank loans	229	–	–
Current portion of obligations under finance lease	108	144	35
Amount due to ultimate holding company	1,313	1,407	–
Provision for taxation	833	833	833
Total current liabilities	11,030	31,353	8,998
Net current assets/ (liabilities)	5,082	(20,841)	90,212
Total assets less current liabilities	5,492	42,959	121,059
Non-current liabilities			
Deferred consideration for acquisition	–	13,300	–
Obligations under finance leases	54	–	–
Total non-current liabilities	54	13,300	–
Net Assets	5,438	29,659	121,059
Capital and reserves			
Share capital	25,303	30,303	27,273
Reserves	(19,865)	(2,374)	84,669
Equity attributable to equity holders of the parent	5,438	27,929	111,942
Minority interests	–	1,730	9,117
Total Equity	5,438	29,659	121,059

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE YEAR ENDED 31 MARCH 2008

The following financial information is an extract of the annual report of the Group for the year ended 31 March 2008.

(i) Consolidated Income Statement

For the year ended 31 March 2008

	Note	2008 HK$'000	2007 HK$'000
Continuing operations			
Revenue	6	25,424	23,735
Other income	6	749	1,127
Raw materials and consumables used		(7,119)	(3,240)
Staff costs	14	(17,671)	(13,724)
Depreciation of property, plant and equipments		(241)	(211)
Impairment loss on goodwill	17	(33,376)	–
Impairment loss on trade receivables		(671)	(945)
Other expenses		(8,300)	(5,462)
Finance costs	7	(619)	(21)
(Loss)/Profit before tax		(41,824)	1,259
Income tax expense	8	–	–
(Loss)/Profit for the year from continuing operations		(41,824)	1,259
Discontinued operation			
Loss for the year from discontinued operation	9	–	(5,521)
Loss for the year	10	(41,824)	(4,262)
Attributable to:			
Equity holders of the parent		(43,710)	(5,992)
Minority interests		1,886	1,730
		(41,824)	(4,262)
Loss per share attributable to ordinary equity holders of the parent	13		
For continuing and discontinued operations			
Basic and diluted (HK cents per share)		(2.10)	(0.66)
For continuing operation			
Basic and diluted (HK cents per share)		(2.10)	(0.05)

(ii) Consolidated Balance Sheet

At 31 March 2008

		Group		Company	
		2008	**2007**	**2008**	**2007**
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets					
Intangible assets	16	–	–	–	–
Goodwill	17	30,000	63,376	–	–
Property, plant and equipment	18	667	424	–	–
Interests in subsidiaries	19	–	–	80,532	61,255
Available-for-sale financial assets	20	180	–	–	–
Total non-current assets		30,847	63,800	80,532	61,255
Current assets					
Trade receivables	21	10,631	8,523	–	–
Loans receivable	22	8,727	–	–	–
Prepayments, deposits and other receivables		1,663	712	130	–
Available-for-sale financial assets	20	59,000	–	27,000	–
Cash and cash equivalents	23	19,189	1,277	130	–
Total current assets		99,210	10,512	27,260	–
Current liabilities					
Trade payables	24	3,497	868	–	–
Accruals and other payables		3,862	4,294	1,167	2,155
Deferred consideration for acquisition	31	–	21,577	–	21,577
Receipts in advance		771	2,230	–	–
Current portion of obligations under finance lease	25	35	144	–	–
Amount due to ultimate holding company	26	–	1,407	–	265
Provision for taxation		833	833	–	–
Total current liabilities		8,998	31,353	1,167	23,997
Net current assets/(liabilities)		90,212	(20,841)	26,093	(23,997)
Total assets less current liabilities		121,059	42,959	106,625	37,258
Non-current liabilities					
Deferred consideration for acquisition	31	–	13,300	–	13,300
Total non-current liabilities		–	13,300	–	13,300
NET ASSETS		121,059	29,659	106,625	23,958

		Group		Company	
		2008	**2007**	**2008**	**2007**
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Capital and reserves					
Share capital	27	27,273	30,303	27,273	30,303
Reserves	29	84,669	(2,374)	79,352	(6,345)
Equity attributable to equity holders of the parent		111,942	27,929	106,625	23,958
Minority interests		9,117	1,730	–	–
TOTAL EQUITY		121,059	29,659	106,625	23,958

(iii) Consolidated Statement of Changes in Equity

For the year ended 31 March 2008

	Attributable to equity holders of the parent								
	Share capital	**Share premium**	**Merger reserve**	**Exchange reserve**	**Share option reserve**	**Accum-ulated 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 2006	25,303	7,870	(341)	(68)	–	(27,326)	5,438	–	5,438
Exchange differences arising on translation of foreign subsidiaries recognised directly in equity	–	–	–	(17)	–	–	(17)	–	(17)
Loss for the year	–	–	–	–	–	(5,992)	(5,992)	1,730	(4,262)
Total recognized 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 and 1 April 2007	30,303	31,370	(341)	(85)	–	(33,318)	27,929	1,730	29,659
Exchange differences arising on translation of foreign subsidiaries recognised directly in equity	–	–	–	56	–	–	56	–	56
Loss for the year	–	–	–	–	–	(43,710)	(43,710)	1,886	(41,824)
Total recognized income and expenses	–	–	–	56	–	(43,710)	(43,654)	1,886	(41,768)
Rights issue	30,303	9,091	–	–	–	–	39,394	–	39,394
Issue of bonus shares	30,303	(30,303)	–	–	–	–	–	–	–
Capital reduction	(81,818)	44,103	–	–	–	37,715	–	–	–
Issue of shares in open offer	9,091	90,909	–	–	–	–	100,000	–	100,000
Issue of bonus shares	9,091	(9,091)	–	–	–	–	–	–	–
Share issuance expenses	–	(12,609)	–	–	–	–	(12,609)	–	(12,609)
New subsidiaries	–	–	–	–	–	–	–	5,501	5,501
Equity-settled share-based payments	–	–	–	–	882	–	882	–	882
At 31 March 2008	27,273	123,470	(341)	(29)	882	(39,313)	111,942	9,117	121,059

(iv) Consolidated Cash Flow Statement

For the year ended 31 March 2008

	Note	2008 HK$'000	2007 HK$'000
Operating activities			
Loss for the year		(41,824)	(4,262)
Adjustments for:			
Equity-settled share option expense		882	–
Finance costs		619	21
Depreciation of property, plant and equipments		241	219
Impairment loss on trade receivables		671	–
Impairment loss on goodwill		33,376	–
Gain on disposal of property, plant and equipment		(41)	–
Interest income, excluding that derived from money lending operation		(279)	–
Operating cash flows before working capital changes		(6,355)	(4,022)
Increase in trade receivables		(2,779)	–
Increase in loans receivable		(8,727)	–
Increase in prepayments, deposits and other receivables		(951)	(644)
Increase/(decrease) in trade payables		2,629	(441)
Decrease in accruals and other payables		(432)	–
Decrease in receipts in advance		(1,459)	–
Cash used in operations		(18,074)	(5,107)
Interest paid		(619)	(21)
Net cash used in operating activities		(18,693)	(5,128)
Investing activities			
Interest received, excluding that derived from money lending operation		279	–
Proceeds from disposal of property, plant and equipment		41	–
Payment of consideration for acquisition	31	(34,877)	–
Increase in available-for-sale financial assets		(59,180)	–
Purchase of property, plant and equipment		(484)	(112)
Net cash used in investing activities		(94,221)	(112)
Financing activities			
Repayment to ultimate holding company		(1,407)	–
Repayment of capital elements of finance leases		(109)	(139)
Repayment of bank loans		–	(229)
Proceeds from issue of shares		139,394	–
Share issuance expenses		(12,609)	–
Proceeds from issue of shares to minority shareholders of new subsidiaries		5,501	–
Net cash provided by/(used in) financing activities		130,770	(368)
Net increase/(decrease) in cash and cash equivalents		17,856	(5,608)
Cash and cash equivalents at the beginning of the year		1,277	6,885
Effect of foreign exchange rate changes		56	–
Cash and cash equivalents at the end of the year	23	19,189	1,277

(v) Notes to Consolidated Financial Statements

For the year ended 31 March 2008

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 Unit 910, China Merchants 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 the following activities:

(i) Sales of customised 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 in a casino in Macau; and
(iv) Money lending business.

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, accounting principles generally accepted in Hong Kong and and the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange ("GEM 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.

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 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. However, as result of the adoption of HKFRS 7, "Financial Instruments: Disclosures" and HKAS 1 Amendment, "Capital Disclosures", there have been some additional disclosures provided.

HKFRS 7 has required expanded disclosure about the significance of the Group's financial instruments and the nature and extent of risks arising from those instruments.

HKAS 1 Amendment has introduced additional disclosure requirements to provide qualitative information about the Group's objectives, policies and processes for managing capital; quantitative data about what the Company regards as capital; and compliance with any capital requirements and the consequence of any non-compliance.

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 (Revised)	Presentation of Financial Statements	1 January 2009
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations	1 January 2009
HKFRS 3 (Revised)	Business Combinations	1 July 2009
HKFRS 8	Operating Segments	1 January 2009
HKAS 23 (Revised)	Borrowing Costs	1 January 2009
HKAS 27 (Revised)	Consolidation and Separate Financial Statements	1 July 2009
HK(IFRIC) – Int 12	Service Concession Arrangements	1 January 2008
HK(IFRIC) – Int 13	Customer Loyalty Programmes	1 January 2008
HK(IFRIC) – Int 14	HKAS 19 – The Limit on A Defined Benefit Asset, Minimum Funding Requirements and their Interaction	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 recognized 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 recognized and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognized 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 recognized 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 recognized.

(b) Goodwill

Goodwill arising on an 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.

(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 recognized 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 capitalized 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 recognized in the income statement.

(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 capitalized and treated as an intangible asset if the cost is not an integral part of the related hardware. Software is amortized 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 amortization, 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

A financial asset is initially measured at the fair value plus, in the case of a financial asset not at fair value through profit or loss, directly attributable transaction costs. After initial recognition, 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.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets 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.

(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 amortized 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 amortized cost, using the effective interest method.

(j) Cash equivalents

Cash equivalents are short-term, highly liquid investments which are readily convertible into known amounts of cash without notice and which were within three months of maturity when acquired. Cash equivalents include investments and advances denominated in foreign currencies provided that they fulfill the above criteria.

For the purposes of the cash flow statement, cash equivalents would also include bank overdrafts and advances from banks repayable within three months from the date of the advance.

(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 Company. All other leases are classified as operating leases.

(i) Finance leases

Assets held under finance leases are recognised in the balance sheet at amounts equal to the fair value of the leased assets, or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liabilities, net of finance charges, on the finance leases are recorded as obligations under finance leases. All assets held under finance leases are classified as 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 for the estimated useful lives cannot exceed the relevant lease terms, if shorter.

Minimum lease payments are apportioned between finance charge and the reduction of the outstanding liabilities. The finance charge is recognised in profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(ii) 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.

(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 profit and loss accounts are translated into Hong Kong dollars at the exchange rate ruling at the dates of transactions for the year. The resulting exchange differences are included in the exchange fluctuation reserve. On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the profit and loss account.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated to Hong Kong dollars at the weighted average exchange rates for the year.

(o) Employee benefits

Salaries, annual bonuses, paid annual leave, leave passage and the cost to the Company of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Provision is made in respect of paid leave entitlement accumulated during the year, which can be carried forward into future periods for compensated absence or payment in lieu if the employee leaves employment.

The Group operates a 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) Equity-settled share-based payment transactions

The fair value of services received is measured by reference to the fair value of share options granted at the date of grant which is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

(q) 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 capitalized as part of the cost of that asset. Capitalization 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 capitalized 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 is charged to the income statement in the year in which they are incurred.

(r) Related parties

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or vice versa, or where the parties are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or corporate entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Group or of any entity that is a related of the Group.

(s) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and property, plant and equipment. Segment revenue, expenses, assets, and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between Group enterprises within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, corporate and financing expenses and minority interests.

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.

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 units to which the goodwill is allocated. The value in use calculation requires the Group 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 as at 31 March 2008 was HK$30,000,000 (2007: HK$63,376,000). More details are given in Note 17.

(ii) Impairment of loans and trade receivables

The policy for impairment assessment for loans and trade receivables of the Group is based on the evaluation of collectability and an aging analysis of the receivables and on the judgment of the management. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each borrower or customer. As at 31 March 2008, no allowance was made against loans receivables, whilst allowance for doubtful trade receivables was HK$2,686,000 (2007: HK$2,387,000). If the financial conditions of borrowers or customers of the Group were to 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:

	2008	**2007**
	HK$'000	*HK$'000*
Revenue		
Continuing operations		
Sales of customised software and related computer equipment	15,757	14,919
Technical support and maintenance service income	3,176	3,051
Profits assigned from a junket representative of a casino VIP lounge in Macau	6,277	5,765
Interest income from money lending business	214	–
	25,424	23,735
Discontinued operation		
Income from marketing, rolling and settlement services for a casino VIP lounge in Macau	–	11,697
	25,424	35,432
Other income – continuing operations		
Gain on disposal of property, plant and equipment	41	–
Interest income	279	16
Sundry income	57	99
Reversal of impairment of trade receivables	372	945
Other service income	–	67
	749	1,127

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) Sharing of profits of a junket representative of a VIP lounge in a casino in Macau, being 0.4% of the rolling turnover generated by that junket representative together with any bonus payable by that casino and/or that VIP lounge to that junket representative; and

(iv) Money lending business.

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

	2008						
	Continuing operations					Discontinued operation	
	Customized software and related computer equipment	Technical support and maintenance	Sharing of profits of a Macau casino junket representative	Money lending business	Total	Marketing service for gaming activities in Macau	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	15,757	3,176	6,277	214	25,424	–	25,424
Segment results	(2,841)	1,527	(28,992)*	(115)	(30,421)	–	(30,421)
Other income							749
Unallocated corporate expenses							(11,533)
Finance costs							(619)
Loss before tax							(41,824)
Income tax expense							–
Loss for the year							(41,824)
Segment assets	5,375	138	70,519	54,025	130,057	–	130,057
Segment liabilities	6,513	366	1,286	–	8,165	833	8,998
Other information							
Depreciation and amortisation	133	28	74	6	241	–	241
Capital expenditure	1	4	159	320	484	–	484

* The segment results regarding the sharing of profits of a Macau casino junket representative is stated net of the impairment loss of HK$33,376,000 on goodwill allocated to this segment.

	2007						
	Continuing operations					Discontinued operation	
	Customized software and related computer equipment	Technical support and maintenance	Sharing of profits of a Macau casino junket representative	Money lending business	Total	Marketing service for gaming activities in Macau	Consolidated
	HK$'000	*HK$'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
Other revenue							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 amortization	178	33	–	–	211	8	219
Capital expenditure	188	45	–	–	233	–	223

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	
	2008	2007	2008	2007	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	14,928	16,243	–	–	14,928	16,243
Macau	6,277	5,765	–	11,697	6,277	17,462
PRC	4,219	1,727	–	–	4,219	1,727
	25,424	23,735	–	11,697	25,424	35,432

	Segment assets					
	Continuing operations		Discontinued operation		Consolidated	
	2008	2007	2008	2007	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	57,625	4,175	–	–	57,625	4,175
Macau	70,519	69,283	–	–	70,519	69,283
PRC	1,913	854	–	–	1,913	854
	130,057	74,312	–	–	130,057	74,312

	Capital expenditure					
	Continuing operations		Discontinued operation		Consolidated	
	2008	2007	2008	2007	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	317	226	–	–	317	226
Macau	159	–	–	–	159	–
PRC	8	7	–	–	8	7
	484	233	–	–	484	233

7. FINANCE COSTS

	2008	2007
	HK$'000	*HK$'000*
Continuing operations		
Interest on bank loans and overdrafts wholly repayable with five years	607	14
Interest element of finance leases	12	7
	619	21

8. INCOME TAX EXPENSE

Hong Kong profits tax is calculated at 17.5% (2007: 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.

No income tax has been provided in the income statement as the Group did not have assessable profit for the year (2007: nil).

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

	2008	**2007**
	HK$'000	*HK$'000*
(Loss)/Profit before tax:		
Continuing operations	(41,824)	1,259
Discontinued operation	–	(5,521)
	(41,824)	(4,262)
Tax benefit calculated at Hong Kong profits tax rate of 17.5%	7,319	746
Effect of different tax rates in other jurisdictions	38	865
Tax effect of income not subject to tax	1,164	270
Tax effect of expenses not deductible for tax	(7,997)	(674)
Tax effect of temporary differences not recognised	17	(248)
Tax effect of utilisation of tax losses previously not recognised	229	–
Tax effect of tax losses not recognised	(770)	(959)
Tax expense for the year	–	–

9. DISCONTINUED OPERATION

On 28 February 2007, the Group entered into an agreement to terminate the marketing agreement to provide marketing, rolling and settlement services for a VIP lounge in a casino in Macau.

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.

	2008	**2007**
	HK$'000	*HK$'000*
Loss for the year from discontinued operation		
Revenue	–	11,697
Expenses	–	(17,218)
Loss before tax	–	(5,521)
Income tax expense	–	–
Loss for the year from discontinued operation	–	(5,521)
Cash flows from discontinued operation		
Net cash flows from operating activities	–	(1,459)
Net cash flows from investing activities	–	–
Net cash flows from financing activities	–	–
Net cash flows	–	(1,459)

10. LOSS FOR THE YEAR

Loss for the year is stated after charging the following:

	Continuing operations		Discontinued operation		Consolidated	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Advertising and promotion costs	19	315	–	–	19	315
Auditors' remuneration	570	560	–	–	570	560
Depreciation:						
Owned assets	199	172	–	8	199	180
Leased assets	42	39	–	–	42	39
	241	211	–	8	241	219
Impairment losses:						
Trade receivables	671	945	–	–	671	945
Goodwill	33,376	–	–	–	33,376	–
Minimum lease payments under operating leases in respect of leased premises	1,087	1,584	–	–	1,087	1,584
Staff costs including directors' emoluments *(Note 14)*	17,671	13,724	–	3,131	17,671	16,855

11. LOSS ATTRIBUTABLE TO SHAREHOLDERS

The loss attributable to shareholders is dealt with in the accounts of the Company to the extent of HK$45,001,000 (2007: HK$16,086,000).

12. DIVIDENDS

No dividend has been paid or declared by the Company during the year or since the balance sheet date (2007: nil).

13. LOSS PER SHARE

	2008 *HK cent*	2007 *HK cent* *(Restated)*
Basic and diluted loss per share		
For continuing operation	(2.10)	(0.05)
For discontinued operation	–	(0.61)
Loss for the year	(2.10)	(0.66)

The calculations of basic and diluted loss per share are based on:

	2008 *HK$'000*	2007 *HK$'000*
Loss attributable to ordinary equity holders of the parent		
Loss from continuing operations	(43,710)	(471)
Loss from discontinued operation	–	(5,521)
Loss from continuing and discontinued operations	(43,710)	(5,992)

	2008	2007 *(Restated)*
Shares		
Weighted average number of ordinary shares in issue	2,081,428,777	908,514,599

The weighted average number of ordinary shares for the year ended 31 March 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 (see Note 27).

The basic and diluted losses per share are the same for the year ended 31 March 2008, as the Company recorded a loss from continuing operations 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 March 2008 are not included in calculating the diluted basic loss per share.

The basic and dilutive losses per share are the same for the year ended 31 March 2007, as there was no potential dilutive ordinary share outstanding as at 31 March 2007.

14. STAFF COSTS INCLUDING DIRECTORS' EMOLUMENTS

	Continuing operations		Discontinued operation		Consolidated	
	2008 *HK$'000*	**2007** *HK$'000*	**2008** *HK$'000*	**2007** *HK$'000*	**2008** *HK$'000*	**2007** *HK$'000*
Salaries and benefits	17,234	13,257	–	3,131	17,671	16,388
Contributions to defined contribution retirement schemes *(note i)*	437	467	–	–	–	467
	17,671	13,724	–	3,131	17,671	16,855

Note:

(i) The Group has participated in defined contribution retirement schemes established under Mandatory Provident Fund Ordinance ("MPF Schemes") for its employees in Hong Kong. The assets of the MPF Schemes are held separately from those of the Group in funds under the control of independent trustees. Under the rules of the MPF Schemes, the employer and its employees are each required to make contributions to the schemes at 5% of the employee's relevant income up to a maximum of HK$1,000 per employee per month.

The employees of PRC subsidiaries of the Group are members of state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the schemes.

No forfeited contributions were utilised during the year and there were no material forfeitures available to reduce the Group's future contributions at 31 March 2008 and 2007.

15. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) DIRECTORS' EMOLUMENTS

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

	2008 *HK$'000*	**2007** *HK$'000*
Fees	660	150
Salaries allowances and benefits in kind	–	1,680
Performance related bonus	4,654	2,475
Employee share option benefits	294	–
Retirement scheme contributions	–	18
	5,608	4,323

The remuneration of each individual director is set out below:

	2008					
	Fees	**Salaries, allowances and benefits in kind**	**Performance related bonus**	**Employee share option benefits**	**Retirement scheme contributions**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors						
Wong Kam Leong	240	–	3,000	–	–	3,240
Lai Cho Wai (resigned on 29 August 2007) *(note i)*	–	–	775	–	–	775
Ma Chon (resigned on 25 October 2007) *(note i)*	–	–	879	–	–	879
Hui Siu Lun (appointed on 14 September 2007)	80	–	–	98	–	178
Li Jie Yi (appointed on 15 November 2007)	100	–	–	–	–	100
Independent non-executive directors						
Ieong Meng Wa (Resigned on 29 August 2007) *(note i)*	–	–	–	–	–	–
Ng Kwok Chu, Winfield	80	–	–	49	–	129
Ng Chau Tung, Robert	80	–	–	49	–	129
Leung Kar Loon Stanley (appointed on 14 September 2007)	80	–	–	98	–	178
	660	–	4,654	294	–	5,608

	2007					
	Fees	**Salaries, allowances and benefits in kind**	**Performance related bonus**	**Employee share option benefits**	**Retirement scheme contributions**	**Total**
	HK$'000	*HK$'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 (resigned on 29 August 2007)	–	240	1,238	–	–	1,478
Ma Chon (resigned on 25 October 2007)	–	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

Note:

(i) Due to the dissatisfactory performance of the Group, during the year ended 31 March 2008, Mr. Lai Cho Wai, Mr. Ma Chon and Mr. Ieong Meng Wa have agreed to waive emoluments in the amounts of HK$525,000, HK$441,000 and HK$50,000 respectively payable to them.

Save for the above, there was no arrangement under which a director waived or agreed to waive any emoluments for the year (2007: nil).

(b) FIVE HIGHEST PAID INDIVIDUALS

The five individuals whose emoluments were the highest in the Group for the year include three (2007: three) directors whose emoluments are reflected in the analysis presented above.

The emoluments payable to the remaining two (2007: two) individuals during the year are as follows:

	2008	2007
	HK$'000	*HK$'000*
Salaries, bonus and allowances	2,384	1,126
Employee share options benefits	441	–
Retirement scheme contributions	29	24
	2,854	1,150

The emoluments fell within the following band:

	Number of individuals	
	2008	2007
Nil to HK$1,000,000	–	2
HK$1,000,000 – HK$1,500,000	2	–
	2	2

16. INTANGIBLE ASSETS

	Group		
	Development expenditures	Software	Total
	HK$'000	*HK$'000*	*HK$'000*
Cost			
At 1 April 2006 and 31 March 2007	8,268	1,300	9,568
Write-off	(8,268)	–	(8,268)
31 March 2008	–	1,300	1,300
Accumulated amortisation and impairment			
At 1 April 2006	8,268	722	8,990
Amortisation charge for the year	–	217	217
Impairment for the year	–	361	361
At 31 March 2007	8,268	1,300	9,568
Write-off	(8,268)	–	(8,268)
At 31 March 2008	–	1,300	1,300
Carrying amount			
At 31 March 2008	–	–	–
At 31 March 2007	–	–	–

17. GOODWILL

	Group	
	2008	**2007**
	HK$'000	*HK$'000*
Cost	63,376	63,376
Less: Accumulated impairment loss	(33,376)	–
Net carrying amount	30,000	63,376

Impairment test for goodwill

Goodwill as at 31 March 2008 has entirely been allocated to the segment of sharing of profits of a Macau casino junket representative, which is one of the Group's cash-generating units (CGU) identified according to business segment.

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. 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 are as follows:

	2008	**2007**
Growth rate	3.00%	3.00%
Discount rate	19.79%	7.93%

The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the gaming segment in Macau.

With the fierce competition due to the opening of certain new grand casinos in Macau, the growth in Macau's gaming markets has significantly slowed down. The directors, by estimating the recoverable amount of the CGU of sharing of profits of a Macau casino junket representative, have determined to write down the goodwill to HK$30,000,000, and recognise an impairment loss of HK$33,376,000 for the year (2007: nil).

18. PROPERTY, PLANT AND EQUIPMENT

	Group				
	Leasehold improvements	Furniture and fixtures	Computer equipment	Motor vehicle	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost					
At 1 April 2006	489	1,098	2,666	457	4,710
Additions	23	–	210	–	233
Disposals	–	–	(273)	–	(273)
At 31 March 2007 and 1 April 2007	512	1,098	2,603	457	4,670
Additions	126	14	24	320	484
Disposals	–	–	–	(457)	(457)
At 31 March 2008	638	1,112	2,627	320	4,697
Accumulated depreciation					
At 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 and 1 April 2007	497	1,092	2,200	457	4,246
Charges for the year	68	3	163	7	241
Write-back on disposals	–	–	–	(457)	(457)
At 31 March 2008	565	1,095	2,363	7	4,030
Carrying amounts					
At 31 March 2008	73	17	264	313	667
At 31 March 2007	15	6	403	–	424

As at 31 March 2008, the carrying amount of property, plant and equipment held under finance leases amounted to HK$144,000 (2007: HK$187,000).

19. INTERESTS IN SUBSIDIARIES

	Company 2008 HK$'000	2007 HK$'000
Unlisted shares, at cost	63,795	63,795
Due from subsidiaries	80,009	29,478
Due to subsidiaries	(270)	(2,392)
	143,534	90,881
Less: Accumulated impairment losses	(63,002)	(29,626)
	80,532	61,255

The amounts due from and to subsidiaries are unsecured, non-interest bearing and have no fixed repayment term.

The following is a list of the principal subsidiaries as of 31 March 2008:

Name	Place of incorporation and operation	Particulars of issued share capital/ registered capital	Effective equity interest attributable to the Company Directly	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 junket representative of a Macau casino VIP lounge
Success Finance Limited	Hong Kong	10,000 ordinary shares of HK$1 each	–	90%	Money lending business

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
Magic Business Solutions Limited	Hong Kong	250,000 ordinary shares of HK$1 each	–	100%	Investment holding
CyberM Information Technology Limited	Hong Kong	700,000 ordinary shares of HK$1 each	–	100%	Trading of software and hardware equipment
Magic Information Technology Limited	Hong Kong	2 ordinary shares of HK$1 each	–	100%	Trading of software and hardware equipment
MagicPlus Solutions Limited	Hong Kong	750,000 ordinary shares of HK$1 each	–	60%	Lease of software licences, trading of hardware equipment and provision of consultancy services
Mcmanners Management Limited	British Virgin Islands	10,000 ordinary shares of US$1 each	100%	–	Investment holding
Cyber M (Guongzhou) Information Technology Limited#	PRC	HK$1,750,000	–	100%	Trading of software and hardware equipment
SchoolPlus Limited	Hong Kong	2 ordinary shares of HK$1 each	–	100%	Trading of software and hardware equipment
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

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current				
Club membership	180	–	–	–
Current				
Time deposits	59,000	–	27,000	–

The time deposits have maturity of four months and carry fixed-rate interests at 5% or 8% per annum. Full principal amount will be repaid on maturity dates, subject to renewal at the Group's request. The Group recorded total interest income of HK$270,000 (2007: nil), calculated using the effective interest method, for the year ended 31 March 2008.

21. TRADE RECEIVABLES

	Group	
	2008	**2007**
	HK$'000	*HK$'000*
Trade receivables	13,317	10,910
Less: Allowance for individual impairments	(2,686)	(2,387)
	10,631	8,523

Trade receivables that are determined to be individually impaired as at 31 March 2008 and 2007 relate to a number of customers who have delayed payments.

The ageing analysis of trade receivables, net of allowance, is as follows:

	Group	
	2008	**2007**
	HK$'000	*HK$'000*
Within three months	2,775	7,745
Over three months and within six months	2,623	536
Over six months and within one year	3,056	225
Over one year and within two years	2,177	17
	10,631	8,523

Movements in the allowance for impairments are as follows:

	Group	
	2008	**2007**
	HK$'000	*HK$'000*
At beginning of year	2,387	2,387
Impairment losses recognised	671	945
Impairment losses reversed	(372)	(945)
At end of year	2,686	2,387

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group considers that the recovery of an amount is remote, in which case, an impairment loss is recognised by directly writing down the carrying amount of the trade receivables.

Included in the Group's trade receivables are debtors with an aggregate carrying amount of HK$5,441,000 (2007: HK$778,000) which are past due but not impaired at the balance sheet date, as the directors have assessed that these debtors will be recovered based on their settlement records. The Group does not hold any collateral over these balances.

The ageing analysis of the receivables that are past due but not impaired, along with receivables that are neither past due nor impaired, are as follows:

	2008	**2007**
	HK$'000	*HK$'000*
Past due but not impaired		
– Less than three months past due	3,141	536
– Over three months and within six months past due	123	225
– Over six months and within over year past due	785	17
– Over one year past due	1,392	–
	5,441	778
Neither past due nor impaired	5,190	7,745
	10,631	8,523

Trade receivables that are neither past due nor impaired relate to a number of independent customers who have no recent history of default. The Group does not hold any collaterals over these balances.

The Group normally grants its customers credit periods as follows:

(i) 0 to 14 days for sales of goods;

(ii) payment terms as stipulated in the respective 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; and

(iii) 6 months for profits assigned from a junket representative of a casino VIP lounge in Macau.

22. LOANS RECEIVABLE

Loans receivable have arisen from the Group's money lending operations during the year. Interest rates and credit periods are offered based on the assessment of a number of factors including the borrowers' creditworthiness and repayment ability, collaterals as well as the general economic trends.

	Group	
	2008	**2007**
	HK$'000	*HK$'000*
Unsecured	7,403	–
Secured	1,324	–
	8,727	–

The loans receivable at the balance sheet dates carry interests at fixed rates and are analysed by the remaining periods to their contractual maturity dates as follows:

	Group	
	2008	**2007**
	HK$'000	*HK$'000*
Within three months	8,427	–
Over three months and within six months	300	–
	8,727	–

No allowance for impairment has been made against the loans receivable as at 31 March 2008. Nor was there any loan receivable that was past due or impaired as at 31 March 2008.

The Groups holds the second charge on certain properties with an estimated fair value of HK$4,218,000 as at 31 March 2008 and certain third-party personal guarantees as collaterals over the secured loans receivable.

23. CASH AND CASH EQUIVALENTS

	Group		Company	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash at banks and in hand	14,189	1,277	130	–
Time deposit with bank	5,000	–	–	–
	19,189	1,277	130	–

The effective interest rate on the time deposit was 0.5% per annum (2007: nil). The time deposit had a maturity of 1 day.

24. TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	Group	
	2008	**2007**
	HK$'000	*HK$'000*
Within three months	906	126
Over three months and within six months	762	–
Over six months and within one year	32	–
Over one year and within two years	1,797	742
	3,497	868

25. OBLIGATIONS UNDER FINANCE LEASE

	Minimum lease payments		Present value of minimum lease payments	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amount payable:				
Within one year	40	162	35	144
In the second to fifth years	–	–	–	–
	40	162	35	144
Future finance charges	(5)	(18)	–	–
Present value of lease obligations	35	144	35	144
Amount classified as current liabilities			(35)	(144)
Amount classified as non-current liabilities			–	–

It is the Group's policy to lease certain of its office equipment under finance leases. The average lease term is 2 years. Interest rates underlying all obligations under finance leases are fixed at the respective contract dates. For the year ended 31 March 2008, the average effective interest rate was 7% (2007: 6%). 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 lessor's charge over the leased assets.

26. AMOUNT DUE TO ULTIMATE HOLDING COMPANY

The amount due to ultimate holding company was unsecured, non-interest bearing and fully repaid during the year.

27. SHARE CAPITAL

Ordinary shares

	Number of shares		Amount	
	2008	**2007**	**2008**	**2007**
			HK$'000	*HK$'000*
Authorised				
At beginning of year – HK$0.1 each	1,000,000,000	1,000,000,000	100,000	100,000
Share Subdivision *(note ii)*	9,000,000,000	–	–	–
At end of year – HK$0.01 each (2007: HK$0.1 each)	10,000,000,000	1,000,000,000	100,000	100,000
Issued and fully paid				
At beginning of year	303,030,000	253,030,000	30,303	25,303
Issue of shares as consideration for acquisition *(Note 31)*	–	50,000,000		5,000
Issue of shares in rights issue *(note i)*	303,030,000	–	30,303	–
Issue of bonus shares *(note i)*	303,030,000	–	30,303	–
Capital Reduction *(note ii)*	–	–	(81,818)	–
Issue of shares in open offer *(note iii)*	909,090,000	–	9,091	–
Issue of bonus shares *(note iii)*	909,090,000	–	9,091	–
Exercise of warrants	684	–	–	–
At end of year	2,727,270,684	303,030,000	27,273	30,303

Notes:

(i) Pursuant to the approval of the Company's shareholders at the special general meeting (SGM) held on 3 August 2007, the Company issued 303,030,000 new ordinary shares by way of rights issue at a subscription price of HK$0.13 per rights share ("Rights Shares") on the basis of one Rights Share for every existing share held on 3 August 2007. In conjunction with the rights issue, each of the registered holders of fully-paid Rights Share was issued one bonus share for every Rights Share.

(ii) 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 ("Share Subdivision"). The credit of approximately HK$81,818,000 arising from the Capital Reduction has been transferred to the contributed surplus of the Company and part of the contributed surplus has been applied to set off in full against the then accumulated loss of the Company of approximately HK$37,715,000.

(iii) Pursuant to the approval of the Company's shareholders at the SGM held on 4 January 2008, the Company issued 909,090,000 new ordinary 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 20 December 2007. In conjunction with the issue of the Offer Shares, each of the registered holders of fully-paid Offer Shares was issued one Bonus Share for every Offer Share.

Warrants

Pursuant to the approval of the Company's shareholders at the SGM held on 4 January 2008, the Company made a bonus issue of warrants to the shareholders whose names appeared on the register of members of the Company on 20 December 2007 ("Record Date") on the basis of two warrants for every ten existing shares held on the Record Date, resulting in 181,818,000 warrants having been issued. Each warrant entitles the holder thereof to subscribe for one ordinary share of HK$0.01 each immediately following the Share Subdivision discussed in note (ii) above at a subscription price of HK$0.055 per share, payable in cash and subject to adjustment, from 31 January 2008 to 31 January 2009 (both days inclusive).

Up to 31 March 2008, 684 warrants were exercised at a subscription price of HK$0.055 per share, resulting in the issue of 684 ordinary shares of HK$0.01 each. As at 31 March 2008, the Company had 181,817,316 warrants outstanding. The exercise in full of such warrants would, under the present capital structure of the Company, result in the issue of 181,817,316 additional shares of HK$0.01 each.

28. SHARE OPTIONS

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 and has a term of 10 years.

The purpose of the Scheme is to enable the Group to provide its participants with incentives or rewards for their contribution to the Group. 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.

As at 31 March 2008, the maximum aggregate number of shares permitted to be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme was 10% of the total number of issued shares of the Company at the date of approval of the Scheme. As at 31 March 2008, a total of 25,303,000 shares were available for issue under the Scheme, which represented 0.93% of the Company's issued share capital as at 31 March 2008.

The maximum number of shares issued and to be issued upon exercise of options granted under the Scheme to any one participant may not exceed 1% of the shares of the Company in issue from time to time in a 12-month period.

The board of the Company may at its absolute discretion determine the period during which an option may be exercised, such period to expire not later than 10 years after the date of the grant of the option. The Scheme does not specify a minimum period for which an option must be held. However, the board may stipulate that an option would be subject to a minimum holding period and/or a participant may have to achieve a performance target before the option and/or any other terms can be exercised in whole or in part. An offer of a grant of an option may be accepted within 14 days from the date of grant and upon payment of HK$1.

The exercise price of an option is determined by the board of the Company at its absolute discretion and will be at least the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange of Hong Kong Limited ("Stock Exchange")'s daily quotation sheet on the date of grant of an option; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date on which an option is granted; and (iii) the nominal value of the Company's shares.

The following share options were outstanding under the Scheme during the year:

Grantee	As at 1 April 2007	Granted during the year	Exercised during the year	As at 31 March 2008	Date of grant *(dd/mm/yy)*	Exercise period *(dd/mm/yy)*	Exercise price *(HK$)*
Directors of the Company							
Leung Kar Loon Stanley	–	2,000,000	–	2,000,000	20/02/08	20/02/08 to 19/02/18	0.061
Ng Kwok Chu, Winfield	–	1,000,000	–	1,000,000	20/02/08	20/02/08 to 19/02/18	0.061
Ng Chau Tung, Robert	–	1,000,000	–	1,000,000	20/02/08	20/02/08 to 19/02/18	0.061
Hui Siu Lun	–	2,000,000	–	2,000,000	22/02/08	22/02/08 to 21/02/18	0.062
Sub-total	–	6,000,000	–	6,000,000			
Employees and officers of the Group							
In aggregate	–	12,000,000	–	12,000,000	20/02/08	20/02/08 to 19/02/18	0.061
Total	–	18,000,000	–	18,000,000			

The aggregate fair value of the share options granted during the year ended 31 March 2008 amounted to approximately HK$882,000, which has fully been recognised as share option expense for the year (2007: Nil). The fair values of the share options were estimated as at the date of grant by using the Black-Scholes options-pricing model, taking into account the terms and conditions upon which the options were granted. The significant assumptions and inputs used in the valuation model are as follows:

	Date of grant 20/02/08	22/02/08
Closing share price at date of grant	HK$0.060	HK$0.060
Exercise price	HK$0.061	HK$0.062
Risk-free interest rate per annum *(note i)*	2.42%	2.40%
Expected life of option *(note ii)*	5 years	5 years
Expected volatility *(note iii)*	112%	112%
Expected dividend per annum	–	–
Estimated fair value per share option	HK$0.0489	HK$0.0497

Notes:

(i) The risk-free rate was the yield of 5 years HKMA exchange fund notes quoted on the date of grant.

(ii) The expected life of option is based on management's best estimates for the effects of non-transferability, exercise restriction and behavioral consideration. It is not necessarily indicative of the actual exercise patterns that may occur.

(iii) The expected volatility is based on the Company's 900-day historical share prices before the date of grant.

29. RESERVES

	Company			
	Share premium	**Accumulated losses**	**Share option reserve**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2006	7,870	(21,629)	–	(13,759)
Issue of shares as consideration for acquisition	23,500	–	–	23,500
Loss for the year	–	(16,086)	–	(16,086)
At 31 March 2007 and 1 April 2007	31,370	(37,715)	–	(6,345)
Issue of shares in rights issue	9,091	–	–	9,091
Issue of bonus shares in rights issue	(30,303)	–	–	(30,303)
Capital reduction	44,103	37,715	–	81,818
Issue of shares in open offer	90,909	–	–	90,909
Issue of bonus shares in open offer	(9,091)	–	–	(9,091)
Share issuance expenses	(12,608)	–	–	(12,608)
Equity-settled share-based payment	–	–	882	882
Loss for the year	–	(45,001)	–	(45,001)
At 31 March 2008	123,471	(45,001)	882	79,352

30. DEFERRED TAXATION

As at 31 March 2008, deferred tax assets/(liabilities) have not been recognised in respect of the following temporary differences:

	Group	
	2008	**2007**
	HK$'000	*HK$'000*
Tax losses that may be carried forward indefinitely	3,984	3,668
(Accelerated)/Decelerated tax depreciation	(80)	41
Allowance for impairment of trade receivables	443	270
	4,347	3,979

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 over a 24-month period. 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 comprised 70% equity interest in Right Idea Investments Limited ("Right Idea"), which in turn is a party to an agreement entitling Right Idea to the profit generated from a VIP gaming room in a casino in Macau.

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 were not paid, released or granted. The carrying value of the deferred consideration as of 31 March 2007, consisting of the Cash Payment and the Convertible Notes, were recognised based on their present value and adjusted for the estimates based on management's forecasted future revenue and profit of Right Idea.

On 21 May 2007, the Company and the vendors entered into a consideration supplemental agreement ("Supplemental Agreement") whereby the consideration for the acquisition of Right Gateway was reduced and comprised 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 ("Revised Cash Consideration"). Pursuant to the Supplemental Agreement, the vendors also agreed to cancel the agreement to grant Call Option. The Supplemental Agreement was conditional upon: (i) the approval of 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); and (ii) the rights issue as discussed in Note 27 becoming unconditional. At the special general meeting held on 3 August 2007, the Company's independent shareholders approved the Supplemental Agreement. Further on 23 August 2007, the rights issue became unconditional. As a result, the Supplemental Agreement has become effective.

The Revised Cash Consideration under the Supplemental Agreement of HK$34,877,000 was fully settled during the year.

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

	Preacquisition carrying amount	**Fair value adjustments**	**Recognized values on acquisition**
	HK$'000	*HK$'000*	*HK$'000*
Other receivable	1	–	1
Net identifiable assets and liabilities	1	–	1
Goodwill on acquisition			63,376
			63,377
Total consideration satisfied by:			
Shares of the Company			28,500
Cash			34,877
			63,377

Goodwill arose in the acquisition of Right Gateway because of the synergies expected to be achieved from integrating Right Gateway into the Group's Macau gaming marketing service business. In addition, 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 31 March 2007.

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 ended 31 March 2007.

32. COMMITMENTS UNDER OPERATING LEASES

As of 31 March 2008, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	Group	
	2008	**2007**
	HK$'000	*HK$'000*
Within one year	680	781
In the second to fifth years inclusive	216	–
	896	781

33. POST BALANCE SHEET EVENT

On 28 March 2008, the Company entered into a conditional acquisition agreement (as supplemented by a supplemental agreement on 3 April 2008) ("Acquisition Agreement"), details of which are disclosed in the Company's circular dated 28 April 2008, whereby the Company conditionally agreed to acquire the entire issued share capital and the shareholder's loan of City Faith Investments Limited (a company incorporated in Hong Kong with limited liability and principally engaged in property investment) for an aggregate consideration of HK$24,700,000 to be satisfied by (i) HK$14,000,000 in cash and (ii) HK$10,700,000 in the form of convertible notes. The completion of the Acquisition Agreement was conditional upon, among others, the approval of the shareholders of the Company of the issue of the convertible notes. However, at the special general meeting held on 30 May 2008, the resolution regarding the issue of the convertible notes was voted down by the shareholders of the Company. As one of the conditions to the Acquisition Agreement cannot be fulfilled, the Acquisition Agreement has lapsed.

34. 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 are included in Note 14 to the financial statements.

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

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Capital management

The primary objective of the Company's capital management policy is to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The directors of the Company review the capital structure on a periodical basis. As a part of this view, the directors of the Company consider the cost of capital and the risks associated with each class of capital, to balance its overall capital structure through new share issues as well as raising new debts or repayment of existing debts.

The Group monitors capital using a debt to equity ratio derived from the consolidated balance sheets. The following table analyses the Group's capital structure as at 31 March 2008:

	2008	**2007**
	HK$'000	*HK$'000*
Total liabilities	8,998	44,653
Total equity	121,059	29,659
Debt to equity ratio	7.4%	150.6%

(b) Financial risk factors

The Group is exposed to credit, liquidity, interest rate and currency risks arising in the normal course of its businesses.

These risks are regularly monitored by the management and limited by the Group's financial management policies and practices described below.

i) Credit risk

The Group's credit risk is primarily attributable to bank balances, time deposits placed with other entities, trade and loans receivables. Bank balances are deposited with banks of high credit ratings such that the risk of bank failure is minimised. The credit quality of the counterparties regarding time deposits has been assessed with reference to external credit ratings (if available) or historical information about the counterparty default rates. The existing counterparties do not have defaults in the past. As regards trade and other receivable, the management continuously evaluates the credit worthiness and payment patterns of each borrower or 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 against trade receivables.

The Group has certain concentration risk. As at 31 March 2008, funds in the total sum of HK$59,000,000 that are not needed for immediate use have been placed as time deposits with a VIP lounge of a casino in Macau. In addition, approximately 57% (2007: 53%) and 77% (2007: 78%) of its trade receivables as at 31 March 2008 was attributable to one single customer and five customers respectively. In addition, approximately 24% (2007: nil) and 81% (2007: nil) of the Group's loans receivable as at 31 March 2008 was attributable to one single borrower and five borrowers respectively. The management will monitor the level of exposure to ensure that follow-up actions and/or corrective actions will be taken promptly to lower exposure.

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

ii) *Liquidity risk*

The management regularly monitors current and expected liquidity requirements, to ensure that the Group maintains sufficient reserves of cash meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the balance sheet date of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating, based on rates current at the balance sheet date) and the earliest date of the Group can be required to pay:

	Within 1 year or on demand	**Between 1 and 2 years**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
As at 31 March 2008			
Trade payables	3,497	–	3,497
Accruals and other payables	3,862	–	3,862
Finance lease and interest payment	40	–	40
	7,399	–	7,399

	Within 1 year or on demand	**Between 1 and 2 years**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
As at 31 March 2007			
Trade payables	868	–	868
Accruals and other payables	4,294	–	4,294
Amount due to ultimate holding company	1,407	–	1,407
Finance lease and interest payment	162	–	162
Consideration for acquisition *(note i)*	18,750	11,250	30,000
	25,481	11,250	36,731

Note:

(i) Consideration for acquisition represented the cash portion of the consideration for the acquisition of Right Gateway. The amount of such cash consideration has been reduced and the payment term has been revised pursuant to the Supplemental Agreement dated 21 May 2007 (see Note 31).

iii) *Cash flow and fair value interest rate risk*

As of 31 March 2008, except for the loans receivable of HK$8,727,000 (2007: nil) held at average effective interest rate of 15% per annum (2007: nil), time deposits of HK$64,000,000 in total (2007: nil) held at average effective interest rate of 5.9% per annum (2007: nil) and the finance lease obligations of HK$35,000 (2007: HK$144,000) held at effective interest rate of 7% per annum (2007: 6%), the Group has no significant interest bearing assets and liabilities. The finance lease obligations at fixed rate expose the Group to fair value interest rate risk which is insignificant to the Group.

iv) Foreign currency risk

During the year, the Group had insignificant exposure to foreign currency risk as its business transactions, assets and liabilities were primarily conducted and recorded in the functional currency of the respective entities to which they relate. The Group currently has no particular hedging vehicles to hedge its exposure to foreign exchange risk. However, the management continuously monitors foreign exchange exposure and will consider making use of appropriate hedging measures when the need arises.

As of 31 March 2008, the Group did not have significant forecast transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

(c) Fair value estimation

The fair value of cash and bank deposits, trade and loans receivables, trade and other payables are not materially different from their carrying amounts because of immediate or short-term maturity of these financial instruments.

36. APPROVAL OF ACCOUNTS

The accounts were approved and authorised for issue by the board of directors on 26 June 2008.

3. UNAUDITED INTERIM RESULT

The following financial information is an extract of the interim report of the Group for the six months ended 30 September 2008.

(i) Condensed Consolidated Income Statement

		Unaudited			
		Six months ended 30 September		Three months ended 30 September	
		2008	**2007**	**2008**	**2007**
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	4	11,134	13,959	5,589	7,788
Other income		1,977	40	577	24
Raw materials and consumables used		(2,893)	(2,652)	(690)	(2,399)
Staff costs		(16,663)	(9,796)	(2,948)	(3,530)
Depreciation of property, plant and equipment		(124)	(86)	(57)	(45)
Impairment loss on trade receivables		–	(542)	–	–
Other expenses		(3,272)	(3,374)	(2,164)	(1,096)
Finance costs		(5)	(229)	(1)	(139)
Profit before tax		(9,846)	(2,680)	306	603
Income tax expense		(274)	–	(207)	–
(Loss)/Profit for the period		(10,120)	(2,680)	99	603
Attributable to:					
Equity holders of the parent		(10,415)	(3,734)	(65)	47
Minority interests		295	1,054	164	556
		(10,120)	(2,680)	99	603
		HK cents	*HK cents*	*HK cents*	*HK cents*
(Loss)/Earnings per share attributable to ordinary equity holders of the parent	6				
Basic (HK cents per share)		(0.382)	(0.219)	(0.002)	0.005
Diluted (HK cents per share)		N/A	N/A	N/A	N/A

(ii) Condensed Consolidated Balance Sheet

	Note	Unaudited 30 September 2008 HK$'000	Audited 31 March 2008 HK$'000
NON-CURRENT ASSETS			
Goodwill		30,000	30,000
Property, plant and equipment		4,402	667
Available-for-sale financial assets	8	180	180
Total non-current assets		34,582	30,847
CURRENT ASSETS			
Trade receivables	9	9,893	10,631
Loan receivables	10	15,352	8,727
Prepayments, deposits and other receivables		5,016	1,663
Available-for-sale financial assets	8	61,000	59,000
Cash and cash equivalents		4,738	19,189
Total current assets		95,999	99,210
CURRENT LIABILITIES			
Trade payables	11	3,655	3,497
Accruals and other payables		402	3,862
Receipts in advance		1,217	771
Current portion of obligations under finance leases		5	35
Provision for taxation		964	833
Total current liabilities		6,243	8,998
Net current assets		89,756	90,212
NET ASSETS		124,338	121,059
CAPITAL AND RESERVES			
Share capital	12	27,273	27,273
Reserves		87,653	84,669
Equity attributable to equity holders of the parent		114,926	111,942
Minority interests		9,412	9,117
TOTAL EQUITY		124,338	121,059

(iii) Condensed Consolidated Cash Flow Statements

	Unaudited Six months ended 30 September 2008 HK$'000	2007 HK$'000
Net cash used in operating activities	(8,084)	(35,330)
Net cash used in investing activities	(5,925)	(142)
Net cash (used in)/generated from financing activities	(103)	37,197
Net (decrease)/increase in cash and cash equivalents	(14,112)	1,725
Cash and cash equivalents at the beginning of period	19,189	1,277
Effect of foreign exchange rate changes	(339)	26
Cash and cash equivalents at the end of period	4,738	3,028
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	4,738	3,028

(iv) Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2007

	Unaudited								
	Attributable to equity holders of the parent								
	Share capital	Share premium	Merger reserve	Exchange reserve	Share option reserve	Accumu-lated 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	–	–	–	–	–	(3,734)	(3,734)	1,054	(2,680)
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 30 September 2007	90,909	6,833	(341)	(59)	–	(37,052)	60,290	2,784	63,074

For the six months ended 30 September 2008

	Unaudited								
	Attributable to equity holders of the parent								
	Share capital	Share premium	Merger reserve	Exchange reserve	Share option reserve	Accumu-lated 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 2008	27,273	123,470	(341)	(29)	882	(39,313)	111,942	9,117	121,059
Loss for the period	–	–	–	–	–	(10,415)	(10,415)	295	(10,120)
Share issue expenses	–	(74)	–	–	–	–	(74)	–	(74)
Equity-settled share-based payments	–	–	–	–	13,812	–	13,812	–	13,812
Exchange differences arising on translation of foreign subsidiaries	–	–	–	(339)	–	–	(339)	–	(339)
At 30 September 2008	27,273	123,396	(341)	(368)	14,694	(49,728)	114,926	9,412	124,338

(v) Notes to Unaudited Condensed Consolidated Financial Statements

1. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 September 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 Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited.

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 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) 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 Six months ended 30 September 2008		**Unaudited Six months ended 30 September 2007**	
	Turnover	**Segment Profit/ (Loss)**	**Turnover**	**Segment Profit/ (Loss)**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Sales of customized software and related computer equipment	6,921	2,042	7,179	3,523
Technical support and maintenance services income	2,295	2,128	3,747	461
Profits assigned from a junket representative of a VIP lounge of a casino in Macau	689	689	3,033	3,033
Interest income from money lending business	1,229	510	–	–
	11,134	5,369	13,959	7,017
Other revenue		1,977		–
Unallocated corporate expense		(17,187)		(9,468)
Finance costs		(5)		(229)
Loss before tax		(9,846)		(2,680)
Income tax expense		(274)		–
Loss for the period		(10,120)		(2,680)

	Unaudited Six months ended 30 September 2008 Turnover	**Unaudited Six months ended 30 September 2007 Turnover**
	HK$'000	*HK$'000*
Hong Kong	8,401	8,925
Macau	689	3,033
The PRC	2,044	2,001
	11,134	13,959

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 six months ended 30 September 2008 of approximately HK$10,415,000 (2007: HK$3,734,000) and on the weighted average number of 2,728,534,285 (2007: 1,707,830,034) ordinary shares in issue during the period.

The weighted average number of ordinary shares for the period ended 30 September 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 six months ended 30 September 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 September 2008 are not included in calculating the diluted basic loss per share.

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

7. INTERIM DIVIDEND

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

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Unaudited 30 September 2008 *HK$'000*	**Audited 31 March 2008** *HK$'000*
Non-current		
Club membership	180	180
Current		
Time deposits	61,000	59,000

The time deposits have maturity of four months and carry fixed-rate interests at 5% or 8% per annum. Full principal amount will be repaid on maturity dates, subject to renewal at the Group's request.

9. TRADE RECEIVABLES

The ageing analysis of trade receivables is as follows:

	Unaudited 30 September 2008 *HK$'000*	Audited 31 March 2008 *HK$'000*
Within three months	693	2,775
Over three months and within six months	3,709	2,623
Over six months and within one year	2,414	3,056
Over one year	3,037	2,177
	9,853	10,631

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.

10. LOAN RECEIVABLES

Loans receivable have arisen from the Group's money lending operations during the year. The ageing of loan receivables is analysed by the remaining periods to their contractual maturity dates as follows:

	Unaudited 30 September 2008 *HK$'000*	Audited 31 March 2008 *HK$'000*
Within three months	8,645	8,427
Over three months and within six months	4,748	300
Over six months and within one year	1,420	–
Over one year	539	–
	15,352	8,727

11. TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	Unaudited 30 September 2008 *HK$'000*	Audited 31 March 2008 *HK$'000*
Within three months	4	906
Over three months and within six months	393	762
Over six months and within one year	1,437	32
Over one year	1,821	1,797
	3,655	3,497

12. SHARE CAPITAL

	Number of shares Six months ended 30 September		Amount Six months ended 30 September	
	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	1,307	–	13	–
At end of period	2,728,577	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.

13. POST BALANCE SHEET EVENTS

There is no significant post balance sheet event for the Half-Yearly period.

4. UNAUDITED THIRD QUARTERLY RESULT

The following financial information is an extract of the third quarterly report of the Group for the three months and nine months ended 31 December 2008.

(i) Condensed Consolidated Income Statement

		Unaudited			
		Nine months ended 31 December		Three months ended 31 December	
		2008	2007	2008	2007
	Notes	*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		(12,695)	(1,297)	(2,575)	1,383
Attributable to:					
Equity holders of the parent		(14,405)	(2,931)	(3,990)	803
Minority interests		1,710	1,634	1,415	580
		(12,695)	(1,297)	(2,575)	1,383
		HK cents	*HK cents*	*HK cents*	*HK cents*
(Loss)/Earnings per share attributable to ordinary equity holders of the parent	6				
Basic (HK cents per share)		(0.528)	(0.172)	(0.146)	0.047
Diluted (HK cents per share)		N/A	N/A	N/A	N/A

(ii) Notes to Unaudited Condensed Consolidated 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 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) 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**	
	Turnover	**Segment Profit/(Loss)**	**Turnover**	**Segment Profit/(Loss)**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'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	–	–
	13,656	3,538	20,739	16,231
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		(12,695)		(1,297)

	Unaudited Nine months ended 31 December 2008 Turnover	**Unaudited Nine months ended 31 December 2007 Turnover**
	HK$'000	*HK$'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 Nine months ended 31 December		**Amount 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	90,909	6,833	(341)	(59)	–	(36,249)	61,093	3,364	64,457
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	27,286	123,456	(341)	(368)	14,694	(53,718)	111,009	10,827	121,836

5. MATERIAL CHANGES

As at the Latest Practicable Date, the Directors confirm that, save and except for (i) the entering into a non-legally binding letter of intent in relation to a possible acquisition of interest in a paper manufacturing company dated 11 August 2008; (ii) the profit warning announcement of the Company dated 12 November 2008; (iii) the termination of the aforesaid non-legally binding letter of intent dated 23 January 2009; (iv) the subscription for 169,232,000 new Shares dated 24 February 2009; (v) the connected transaction for the acquisition of 10% issued share capital of Success Finance Limited dated 9 March 2009; (vi) the information as contained in the first quarterly report of the Company for the three months ended 30 June 2008; (vii) the information as contained in the interim report of the Company for the six months ended 30 September 2008; and (viii) the information as contained in the third quarterly report of the Company for the nine months ended 31 December 2008, there have been no material adverse changes in the financial or trading position of the Group since 31 March 2008, the date to which the latest published audited consolidated accounts of the Group has been made up.

6. STATEMENT OF INDEBTEDNESS

Bank or other borrowings and indebtedness

As at the close of the business on 31 March 2009, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Enlarged Group had: (i) a loan of approximately HK$11,529,000 due to a shareholder of the Hong Kong Company, which is unsecured, interest-free and repayable on demand; (ii) payables of approximately HK$106,617,000 for the acquisition of plant and equipment, which is unsecured, interest-free and repayable on or before 15 July 2010.

Contingent liabilities and guarantees

As of the close of business on 31 March 2009, the Enlarged Group had the following contingent liabilities:

(a) The Group had a contingent liability in respect of possible future long service payments to employees under the Hong Kong Employment Ordinance, The maximum possible amount of such contingent liability was not material as at 31 March 2009. The contingent liability has arisen because, as at 31 March 2009, a number of current employees have achieved the required number of year of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance if their employment is terminated under certain circumstances. A provision has not been recognized in respect of such possible payments, as it is not considered probable that there will be a material future outflow of resources from the Group.

(b) The Enlarged Group had the following material outstanding litigations at the Latest Practicable Date:

i. a District Court action was commenced by a customer against a subsidiary of the Group in respect of claims for damages of HK$784,320 and a return of service price of HK$10,080 paid by the customer, and interests thereon, by reason of that subsidiary's repudiatory breach of a certain computer software implementation and maintenance contract and total failure of consideration and/or money had and received. On 3 December 2008, the subsidiary of the Group filed a defence and counterclaim for services provided of HK$76,000 and interest thereon.

ii. a small claims tribunal action was commenced by a customer against a subsidiary of the Group in respect of a claim for refund of HK$30,000 and costs under a certain service agreement.

No settlement has been reached for the above actions mentioned in (i) and (ii) above up to the Latest Practicable Date and no judgment has yet been made against the above-mentioned subsidiary of Enlarged Group in respect of these claims. As of the Latest Practicable Date, it is not possible to estimate the eventual outcome of these claims with reasonable certainty at the current stage. The Directors are of the opinion that the above-mentioned subsidiary of the Enlarged Group has valid defence and consider the claims mentioned in (i) and (ii) above would not have material adverse impact to the financial position of the Enlarged Group.

Save as aforesaid and apart from intra-group liabilities and normal trade payables, the Enlarged Group did not have, at the close of 31 March 2009, any debt securities issued and outstanding, or authorized or otherwise created but unissued, or term loans or bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, obligations under hire purchase contracts or finance leases, guarantees, or other material contingent liabilities

7. WORKING CAPITAL

To finance the Second Payment of the Consideration, the directors of the Company plan to raise additional funds of HK$55 million or more by way of issue of shares. The Directors are of the opinion that, subject to a successful fund raising exercise for net proceeds of HK$55 million or more, the Enlarged Group will have sufficient working capital for the purpose of the Acquisition and for its requirements for the next twelve months from the date of this circular.

The following is the text of a report, prepared for inclusion in this circular, from the reporting accountants of Long Success International (Holdings) Limited, GC Alliance Limited, Certified Public Accountants, Hong Kong.

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

14 May 2009

The Board of Directors of
Long Success International (Holdings) Limited

Dear Sirs,

We set out below our report on the financial information on Mega Bright Investment Development Limited ("**Mega Bright**") and its subsidiary (collectively the "**Target Group**") for the period from 5 May 2008 (date of incorporation of Mega Bright) to 31 March 2009 (the "**Relevant Period**"), prepared on the basis set out in Section II below, for inclusion in the circular of Long Success International (Holdings) Limited ("**Long Success**") dated 14 May 2009 (the "**Circular**") in connection with the proposed acquisition by Long Success of the entire equity interest in Mega Bright (the "**Proposed Acquisition**").

Mega Bright was incorporated with limited liability in Hong Kong on 5 May 2008. During the Relevant Period and up to the date of this report, the principal activity of Mega Bright is investment holding.

As of 31 March 2009 and the date of this report, Mega Bright has direct interest in the following subsidiary:

Name	Registered and paid up capital	Date and place of establishment and operations	Direct attributable equity interest held by Mega Bright	Principal activities
Jining Gangning Paper Co., Ltd. ("**Jining Gangning**")	US$2,000,000	6 November 2008 The People's Republic of China ("**PRC**")	51%	Manufacturing, processing and sale of packaging and other paper products

During the Relevant Period, Jining Gangning had no substantive business activities except that it entered into an assets transfer agreement dated 16 January 2009 for the purpose of acquiring certain assets, including inventory, production facilities and machinery, and a property lease and purchase agreement dated 16 January 2009 for the purpose of acquiring certain lands and buildings for its paper product manufacturing business. On 10 April 2009, Jining Gangning commenced its paper product manufacturing business.

For the purpose of this report, the directors of Mega Bright have prepared the consolidated financial statements of the Target Group for the Relevant Period (the "**Underlying Financial Statements**") in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

The financial information set out in this report, including the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement of the Target Group for the Relevant Period, and the balance sheets of the Target Group and Mega Bright as of 31 March 2009, together with the notes thereon (collectively the "**Financial Information**"), has been prepared based on the Underlying Financial Statements.

The directors of Mega Bright are responsible for the preparation of the Underlying Financial Statements and the Financial Information, which give a true and fair view. In preparing the Financial Information which gives a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently. It is our responsibility to form an independent opinion, based on our examination, on the Financial Information and to report our opinion to you.

For the purpose of this report, we have carried out an independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and such additional procedures as are necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA. No adjustments were considered necessary to adjust the Underlying Financial Statements to conform to the Financial Information.

Opinion

In our opinion, the Financial Information, for the purpose of this report and on the basis of preparation as set out below, gives a true and fair view of the consolidated results and consolidated cash flows of the Target Group for the Relevant Period, and of the states of affairs of the Target Group and Mega Bright as of 31 March 2009.

I. FINANCIAL INFORMATION

A. Consolidated income statement

	Note	Period from 5 May 2008 to 31 March 2009 HK$'000
REVENUE	4	–
Administrative expenses		148
Loss before tax	5	(148)
Tax	7	–
LOSS FOR THE PERIOD		(148)
Attributable to:		
Equity holders of the parent		(75)
Minority interests		(73)
		(148)

B. Balance sheets

		As of 31 March 2009	
		Target Group Consolidated	**Mega Bright Separate**
	Note	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS			
Interest in a subsidiary	9	–	11,456
Plant and equipment	10	124,713	–
Total non-current assets		124,713	11,456
CURRENT ASSETS			
Cash and bank balances		92	57
Total current assets		92	57
CURRENT LIABILITIES			
Due to a shareholder	11	11,529	11,529
Accrued expenses		100	100
Total current liabilities		11,629	11,629
NET CURRENT LIABILITIES		(11,537)	(11,572)
TOTAL ASSETS LESS CURRENT LIABILITIES		113,176	(116)
NON-CURRENT LIABILITIES			
Payable for plant and equipment	12	105,736	–
Total non-current liabilities		105,736	–
NET ASSETS/(LIABILITIES)		7,440	(116)
EQUITY			
Equity attributable to equity holders of the parent			
Issued share capital	13	0	0
Accumulated losses	14	(75)	(116)
Reserves		(66)	–
		(141)	(116)
Minority interests		7,581	–
TOTAL EQUITY/(CAPITAL DEFICIENCY)		7,440	(116)

C. Consolidated statement of changes in equity

	Attributable to equity holders of the parent					
	Issued share capital	**Accumulated losses**	**Exchange fluctuation reserve**	**Total**	**Minority interests**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Issuance of share	0	–	–	–	–	0
Capital contribution by a minority shareholder of a subsidiary	–	–	–	–	7,654	7,654
Exchange difference recognized directly in equity	–	–	(66)	(66)	–	(66)
Loss for the period	–	(75)	–	(75)	(73)	(148)
As of 31 March 2009	0	(75)	(66)	(141)	7,581	7,440

D. Consolidated cash flow statement

	Period from 5 May 2008 to 31 March 2009
	HK$'000
OPERATING ACTIVITIES	
Loss before tax	(148)
Increase in accrued expenses	100
Net cash used in operating activities	(48)
INVESTING ACTIVITIES	
Purchase of plant and equipment	(18,830)
Net cash used in investing activities	(18,830)
FINANCING ACTIVITIES	
Loan from a shareholder	11,529
Capital contribution by a minority shareholder of a subsidiary	7,654
Net cash generated from financing activities	19,183
Net increase in cash and bank balances	305
Cash and bank balances, beginning of period	–
Effect on foreign exchange rate changes, net	(213)
CASH AND BANK BALANCES, END OF PERIOD	92

II. NOTES TO THE FINANCIAL INFORMATION

1.1 BASIS OF PRESENTATION

The Financial Information set out in this report have been prepared in accordance with HKFRSs which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations ("Ints") issued by the HKICPA. It has been prepared under the historical cost convention. The Financial Information also includes the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The Financial Information is presented in Hong Kong dollars ("HK$") and values are rounded to the nearest thousand except when otherwise indicated.

1.2 GOING CONCERN BASIS

As of 31 March 2009, the Target Group and Mega Bright had net current liabilities of HK$11,537,000 and HK$11,572,000, respectively. Mega Bright's shareholder has agreed to provide continuing financial support, throughout the period up to the completion of the Proposed Acquisition, to Mega Bright to meet its liabilities as and when they fall due and not to demand repayment of any amount owed by Mega Bright until such time as Mega Bright is in a position to repay such amount without impairing its liquidity position. Upon completion of the Proposed Acquisition, Long Success has agreed to provide continuing financial support to Mega Bright. On the other hand, pursuant to a joint venture agreement as amended on 21 March 2009, Mega Bright and a minority shareholder of Jining Gangning have committed to injecting further capital into Jining Gangning to finance its capital expenditure and working capital requirements. The directors of Mega Bright are of the opinion that, taking into account the funding from Mega Bright's shareholder and the minority shareholder of Jining Gangning, the Target Group has sufficient working capital for its present requirement. Therefore, the Financial Information has been prepared on a going concern basis which contemplates the realisation of assets and the satisfaction of liabilities in the normal course of business.

Should the Target Group be unable to continue in business as a going concern, adjustments would have to be made to adjust the values of assets to their recoverable amounts, to reclassify non-current assets and liabilities to current assets and liabilities, and to provide for any further liabilities which might arise. The Financial Information does not include any such adjustments.

1.3 ADOPTION OF NEW AND REVISED HKFRSS

The HKICPA has issued a number of new and revised HKFRSs which are effective for accounting periods beginning on or after 5 May 2008. For the purpose of preparing the Financial Information, the Target Group has adopted all of these new and revised HKFRSs throughout the Relevant Period.

1.4 IMPACT OF HKFRSS ISSUED BUT NOT YET EFFECTIVE

The Target Group has not adopted the following new and revised HKFRSs, which have been issued but not yet effective for the Relevant Period.

HKAS 1 (Revised)	Presentation of Financial Statements [1]
HKAS 23 (Revised)	Borrowing Costs [1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements [2]
HKAS 28	Investments in Associates – Consequential Amendments Arising from Amendments to HKFRS 3 [2]
HKAS 31	Investments in Joint Ventures – Consequential Amendments Arising from Amendments to HKFRS 3 [2]
HKAS 32, HKAS 39 & HKFRS 7 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation [1]

HKAS 39 (Amendment)	Eligible Hedged Items [2]
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or an Associate [1]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards [2]
HKFRS 2 (Amendment)	Share-based payment – Vesting Conditions and Cancellations [1]
HKFRS 3 (Revised)	Business Combinations [2]
HKFRS 7 (Amendment)	Improving Disclosure about Financial Instruments [1]
HKFRS 8	Operating Segments [1]
HK(IFRIC) – Int 2 (Amendment)	Members' Shares in Co-operative Entities and Similar Instruments [1]
HK(IFRIC) – Int 9 and HKAS 39 (Amendment)	Reassessment of Embedded Derivatives [6]
HK(IFRIC) – Int 13	Customer Loyalty Programmes [3]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate [1]
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation [4]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners [2]
HK(IFRIC) – Int 18	Transfers of Assets from Customers [7]
Improvements to HKFRS	Amendments to HKFRS 5, HKFRS 7, HKAS 1, HKAS 8, HKAS 10, HKAS 16, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40, HKAS 41 [5]

Notes:

1 Effective for annual periods beginning on or after 1 January 2009

2 Effective for annual periods beginning on or after 1 July 2009

3 Effective for annual periods beginning on or after 1 July 2008

4 Effective for annual periods beginning on or after 1 October 2008

5 Generally effective for annual periods beginning on or after 1 January 2009, except for the amendment to HKFRS 5 which is effective for annual periods beginning on or after 1 July 2009

6 Effective for annual periods beginning on or after 30 June 2009

7 Effective for transfer received on or after 1 July 2009

The Target Group is in the process of making an assessment of the impact of the above new and revised HKFRSs. So far, it has concluded that whilst the adoption of HKAS 1 (Revised) will affect the presentation of owner changes in equity and of comprehensive income, the above new and revised HKFRSs are unlikely to have a significant impact on the Target Group's results of operations and financial position.

1.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements include Mega Bright and its subsidiary. All significant intercompany transactions and balances and any unrealised profits arising from intercompany transactions within the Target Group are eliminated on consolidation. The results of a subsidiary are consolidated from the date of acquisition, being the date on which the Target Group obtains control, and continue to be consolidated until the date when such control ceases.

Subsidiary

A subsidiary is an entity in which Mega Bright, directly or indirectly, controls more than half of its voting power or its issued share capital or controls the composition of its board of directors. A subsidiary is considered to be controlled if Mega Bright has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from its activities. Investment in a subsidiary is stated at cost less accumulated impairment losses in Mega Bright's balance sheet.

Plant and equipment

Plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated using the straight-line method to write off the cost of each asset over its estimated useful life.

Impairment of non-financial assets other than goodwill

An assessment is made at each balance sheet date of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use or its net selling price.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amounts. An impairment loss is charged to income statement in the period in which it arises.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined, had no impairment loss been recognised for the assets in prior years. A reversal of an impairment loss is credited to the income statement in the period in which it arises.

Financial instruments

Financial assets and liabilities are recognised when the Target Group becomes a party to the contractual provisions of the instrument.

The Target Group's financial assets mainly include loans and receivables. Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment losses. Any changes in their values are recognised in the income statement.

Derecognition of financial assets occurs when the rights to receive cash flows from the financial assets expire or are transferred and subsequently all of the risks and rewards of ownership have been transferred.

An assessment for impairment is undertaken at least at each balance sheet date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment loss on loans and receivables is recognised when there is objective evidence that the Target Group will not be able to collect all the amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

The Target Group's financial liabilities include amount due to a shareholder and other payables. Financial liabilities are initially recognised at fair value, net of transaction costs incurred and subsequently measured at amortised cost using the effective interest method. Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled, or expires.

Provisions

Provisions are recognised when a present obligation has arisen as a result of a past event, and it is probable that a future outflow of resources 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.

Revenue

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 Target Group and the revenue and costs incurred or to be incurred in respect of the transaction can be measured reliably.

Income taxes

Income tax expense comprises tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items of income or expense that are never taxable or deductible.

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 tax 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 utilised. 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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to income statement, except where it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Foreign currencies

This Financial Information is presented in Hong Kong dollar, which is Mega Bright's functional currency. The Target Group's subsidiary prepares its financial statements using its functional currency which is Renminbi ("RMB"), the lawful currency in the PRC.

Foreign currency transactions are initially recorded using the functional currency rates ruling at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates prevailing at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the functional currency rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the functional currency rates at the date when the fair value was determined. Exchange differences arising on settlement of monetary items, and on retranslation of monetary items, are recognised in income statement in the period in which they arise.

The results of foreign operations are translated into Hong Kong dollar at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Balance sheet items are translated into Hong Kong dollar at the exchange rate prevailing at the balance sheet date. The resulting translation differences are recognised directly in a separate component of equity.

Related parties

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. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

2. CRITICAL ACCOUNTING JUDGEMENT AND ESTIMATES

The Target Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom exactly equal the related actual results. Key assumptions made by the Target Group 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:

Impairment of plant and equipment

The Target Group assesses whether there is any indication of impairment of its plant and equipment, in accordance with the relevant accounting policies. The recoverable amounts of plant and equipment have been determined based on value in use calculations. These calculations and valuations require the use of judgement and estimates on future operating cash flows and discount rates adopted.

3. SEGMENT INFORMATION

The Target Group's sole business is manufacturing, processing and sale of packaging and other paper products and the Target Group's expenses, results, assets and capital expenditure are principally attributable to one single geographical region, the PRC. Accordingly, no business or geographical segment information is presented in accordance with HKAS 14 "Segment Reporting".

4. REVENUE

The Target Group did not generate any revenue during the Relevant Period.

5. LOSS BEFORE TAX

Loss before tax is arrived at after charging:

	Period from 5 May 2008 to 31 March 2009 *HK$'000*
Auditors' remuneration	100
Employee benefits expense	–

6. DIRECTORS' REMUNERATION

No directors' remuneration was paid during the Relevant Period. There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Period.

7. TAX

No provision for Hong Kong profits tax and PRC income tax has been made as the Target Group did not generate any assessable profits arising in Hong Kong or the PRC during the Relevant Period.

A reconciliation of the tax expense/(credit) applicable to loss before tax using the statutory rates for the jurisdictions in which Mega Bright and its subsidiary are domiciled to the actual tax expense at the effective tax rate for the Relevant Period is as follows:

	Period from 5 May 2008 to 31 March 2009
	HK$'000
Loss before tax	(148)
Tax at the statutory tax rates of different jurisdiction	(27)
Expenses not deductible for tax	27
Tax expense at the Target Group's effective tax rate	–

8. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The consolidated loss attributable to equity holders of the parent include a loss of HK$116,000 for the Relevant Period which has been dealt with in the financial statements of Mega Bright (note 14).

9. INTEREST IN A SUBSIDIARY

	31 March 2009
	HK$'000
Capital contribution, at cost	7,956
Due from subsidiary	3,500
	11,456

Particulars of the subsidiary are as follows:

Name	**Registered and paid up capital**	**Date and place of establishment and operations**	**Direct attributable equity interest held by Mega Bright**	**Principal activities**
Jining Gangning Paper Co., Ltd. ("Jining Gangning")	US$2,000,000	6 November 2008 The People's Republic of China ("PRC")	51%	Manufacturing, processing and sale of packaging and other paper products

10. PLANT AND EQUIPMENT

	Plant and machinery
	HK$'000
Net carrying amount at beginning of Relevant Period	–
Additions	123,745
Exchange realignment	968
Net carrying amount at end of Relevant Period	124,713
As of 31 March 2009:	
Cost	124,713
Accumulated depreciation	–
Net carrying amount	124,713

11. DUE TO A SHAREHOLDER

The amount due to a shareholder is unsecured, interest-free and repayable on demand. The shareholder has agreed not to demand repayment of any amount owed by Mega Bright until such time as Mega Bright is in a position to repay such amount without impairing its liquidity position.

12. PAYABLE FOR PLANT AND EQUIPMENT

Payable for plant and equipment represents the balance of the purchase price payable by the Target Group for the acquisition of certain production facilities and machinery pursuant to an assets transfer agreement dated 16 January 2009. This payable is unsecured, non-interest bearing and repayable on or before the expiry of an 18-month period from 16 January 2009.

The carrying amount of the payable for plant and machinery approximates its fair value, as the effect of amortisation is not material.

13. SHARE CAPITAL

	31 March 2009
	HK$
Authorized:	
10,000 ordinary shares of HK$1 each	10,000
Issued and fully paid:	
1 ordinary shares of HK$1 each	1

Mega Bright was incorporated in Hong Kong with an authorised capital of HK$10,000, divided into 10,000 ordinary shares of HK$1 each. On incorporation, 1 ordinary share was issued and allotted, for cash at par, to form the capital base of Mega Bright.

14. RESERVES

Target Group

The amounts of the Target Group's reserves and the movements therein for the Relevant Period are presented in the consolidated statement of changes in equity in Section I of this Financial Information.

Mega Bright

	Accumulated losses
	HK$'000
As of 5 May 2008 (date of incorporation of Mega Bright)	–
Loss for the period	(116)
As of 31 March 2009	(116)

15. CAPITAL COMMITMENTS

Target Group

	31 March 2009
	HK$'000
Contracted but not provided for:	
Purchase of land use rights in the PRC	19,274
Purchase of buildings in the PRC	43,082
Purchase of machinery in the PRC	109
	62,465

Mega Bright

	31 March 2009
	HK$'000
Contracted but not provided for:	
Capital injection in a subsidiary	31,824

Pursuant to an amended joint venture agreement dated 21 March 2009, Mega Bright and the minority shareholder of Jining Gangning have agreed to increase the registered capital of Jining Gangning from US$2,000,000 to US$10,000,000. A certificate of approval was issued by the relevant PRC government authority on 23 March 2009 in respect of the increase in registered capital of Jining Gangning. Mega Bright is committed to contributing 51%, or US$4,080,000, of such increased registered capital of Jining Gangning. According to the relevant PRC rules and regulations, 20% of the increased registered capital should be paid up within 30 days from the date of the certificate of approval, i.e. on or before 22 April 2009, subject to extension if approved by the PRC government authority. The remaining 80% of the increased capital should be paid up within 2 years from the date of issue of a new business license. Up to the date of this report, Mega Bright has not paid up the increased registered capital of Jining Gangning. Application had been made to the relevant PRC government authority for an extension of time for payment of the increased registered capital and was approved on 29 April 2009. On 29 April 2009, a new certificate of approval was issued to Jining Gangning, thereby extending the time for paying up its increased registered capital up to 28 May 2009.

16. OPERATING LEASE COMMITMENTS

The Target Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of lands payable as follows:

	31 March 2009
	HK$'000
Within one year	37
In the second to fifth years inclusive	150
After five years	17
	204

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Target Group's financial instruments mainly comprise bank balances, due to a shareholder and payable for plant and machinery, the primary purposes of which are to finance the Target Group's capital expenditure requirements. The Target Group does not have written risk management policies and guidelines. The primary risks arising from the Target Group's financial instruments are credit, liquidity, interest rate and foreign currency rates risks which are limited by the Target Group's financial management policies and practices described below.

Credit risk

The Target Group's maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. The Target Group's credit risk is primarily attributable to cash and bank balances, which amounts were not material as of 31 March 2009, and hence did not expose the Target Group to significant credit risk. None of the Target Group's financial assets are secured by collateral or other credit enhancements.

Interest rate risk

As of 31 March 2009, the Target Group was not exposed to significant interest rate risk, as it had no significant interest-bearing financial assets or financial liabilities. It is considered a reasonably possible change in interest rate in the next twelve months would have an immaterial impact on the Target Group's results and retained earnings. Nor would it have a material impact on the Target Group's other components of equity.

Foreign currency risk

Most of the Target Group's transactions are carried out in RMB which is the functional currency of Jining Gangning. Furthermore, as of 31 March 2009, the Target Group did not have significant forecast transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. Accordingly, the Target Group does not consider its foreign currency risk to be significant and does not have any foreign currency hedging policies.

Liquidity risk

The Target Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term. As discussed in note 1.2, the Target Group will be able to meet is liquidity requirement by obtaining the continual financial support from a shareholder, and further capital will be injected into Jining Gangning by Mega Bright and a minority shareholder to finance Jining Gangning's capital expenditure and working capital requirements.

The following table details the remaining contractual maturities of the Target Group's and Mega Bright's financial liabilities, based on contractual undiscounted payments, and the earliest date of the Target Group can be required to pay:

	Target Group		**Mega Bright**
	On demand	**1 – 2 years**	**On demand**
	HK$'000	*HK$'000*	*HK$'000*
As of 31 March 2009			
Due to a shareholder *(note 11)*	11,529	–	11,529
Payable for plant and machinery *(note 12)*	–	105,736	–
	11,529	105,736	11,529

Capital management

The primary objective of the Target Group's capital management is to ensure that the Target Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Target Group primarily consists of equity attributable to equity holders of the parent and debts, which include the amount due to a shareholder and other payables.

The Target Group reviews the capital structure and makes changes to it, in light of changes in economic conditions. As a part of this view, the Target Group considers the cost of capital and the risks associated with each class of capital, will balance its overall capital structure through new share issues as well as raising new debts or repayment of existing debts.

18. SUBSEQUENT EVENTS

On 10 April 2009, Jining Gangning commenced its paper product manufacturing business.

On 16 January 2009, Jining Gangning entered into a property lease and purchase agreement (as amended by a supplemental agreement dated 14 April 2009, "Property Lease and Purchase Agreement") to purchase two parcels of adjoining land and several buildings where its production facilities are situated for an aggregate consideration of RMB55,000,000 (equivalent to approximately HK$62,356,000). On 30 March 2009, the title of one parcel of the land passed from the vendor to Jining Gangning, whilst the title of the other parcel of the land and the property ownership of the buildings passed to Jining Gangning on 3 April 2009 and 17 April 2009 respectively. Based on the advice of a PRC lawyer, the land and buildings were purchased as a whole by Jining Gangning pursuant to the Property Lease and Purchase Agreement, which has not provided for any subdivision. Therefore, it is considered the acquisition of the land and buildings was not completed until the titles and property ownership for all land and buildings covered by the Property Lease and Purchase Agreement have passed to Jining Gangning. Accordingly, the Property Lease and Purchase Agreement was completed on 17 April 2009. The consideration of RMB55,000,000 is payable by Jining Gangning on or before the expiry of an eighteen-month period from the date of the Property Lease and Purchase Agreement.

19. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for Mega Bright and its subsidiaries in respect of any period subsequent to 31 March 2009.

Yours faithfully,

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Certified Public Accountants
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138 Gloucester Road
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Hong Kong

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Practising Certificate number P03124

1. MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

(i) Set out below is the management discussion and analysis of the Group for the year ended 31 March 2006.

Business Review

During the year under review, the core business of the Group comprises (i) marketing services in Macau (ii) sales & implementation service of customized software (including ERP and POS solutions) and related computer equipment; (iii) sales of packaged software and (iv) provision of technical support and maintenance services on the systems implemented.

Financial Review

The Group recorded a consolidated turnover during the year ended 31 March 2006 of total HK$47 million (2005: HK$24 million). Profit attributable to shareholders was HK$2.8 million, being a significant increase of 217% as compared to that of last year (2005: Loss HK$2.4 million). The profit was mainly generated from the gaming and entertainment sector.

During the year under review, turnover contributed by gaming and entertainment sector as the major business segment of the Group is 22.8 million (2005: NIL). Turnover contributed by sales of customized software and related computer equipment is 17.8 million (2005: 17.2 million). The sales and lease of packaged software drops to 1.0 million (2005: 2.3 million). The support and maintenance service revenue is 5.9 million (2005: 4.6 million).

Financial Risk Management Objectives and Policies

The Group's major financial instruments include trade and other receivables, amounts due from fellow subsidiaries, bank balances and cash, trade and other payables. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

a) Credit risk

The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history.

b) Liquidity risk

The Group manages its funds conservatively by maintaining a comfortable level of cash and cash equivalents in order to meet continuous operational need. Various banking facilities and credit lines have also been arranged with different banks in order to fund any emergency liquidity requirements.

c) Cash flow interest rate risk

The Group's interest rate risk arises from bank balances which bear market interest rates. As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

Interest-Bearing Borrowings

	The Group	
	2006	**2005**
	HK$'000	*HK$'000*
Bank loans, unsecured		
Current portion	229	520
Non-current portion	–	228
	229	748

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

The non-current portion represents the interest-bearing borrowings shall be repayable in the second to fifth years.

Note: denominated in HK$ as at the balance sheet date

Obligations Under Finance Leases

	Minimum lease payments		Present value of minimum lease payments	
	2006	**2005**	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amount payable:				
Within one year	118	–	108	–
In the second to fifth years	59	–	54	–
	177	–	162	–
Future finance charges	(15)	–	–	–
Present value of lease obligations	162	–	162	–

The obligations under finance leases were all denominated in HK$.

Commitments Under Operating Leases

As at 31 March 2006, the Group and the Company had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	Group		Company	
	2006	**2005**	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Not later than one year	1,879	634	–	256
Later than one year and not later than five years	1,141	415	–	–
	3,020	1,049	–	256

Substantial proportion of the commitments under operating leases was denominated in HK$, and a small proportion was denominated in RMB.

Liquidity, Financial Resources and Capital Resources

As at 31 March 2006, the Group had cash and bank balances of approximately HK$6.9 million (2005: HK$7.1 million). The Group's current assets were approximately 1.46 times (2005: 0.9 times) over its current liabilities. Substantial proportion of the cash and bank balances was denominated in HK$, and a small proportion of cash and bank balances was denominated in RMB.

Gearing Ratio

As at 31 March 2006, the Group's gearing ratio, being the ratio of the total long term liabilities to the shareholder's fund was 0.99% (2005: 515%).

Foreign Currency Risk

During the year 2006, the sales, expenditures, assets and liabilities were mainly denominated in HK$ and RMB, the Group's exposure to foreign currency fluctuations was minimal and no hedging was considered necessary.

Charges on the Group Assets

As at 31 March 2006, none of the Group's assets had been pledged (2005: HK$5.6 million was pledged to a bank in Hong Kong to secure the general banking facilities granted to the Group).

Significant Investments, Material Acquisitions and Disposals

There was no material acquisition and disposal during the year under review. As at 31 March 2006, the Group had no material investment held.

Contingent Liabilities

As at 31 March 2006, the Group had no significant contingent liabilities.

Employee and Remuneration Policies

As at 31 March 2006, the Group had approximately 44 (2005: 51) employees in Hong Kong and the PRC. The total remuneration to employees, including the executive Directors for the year under review amounted to approximately HK$14.0 million (2005: HK$10.8 million). Employees in Hong Kong were also entitled to provident fund contributions and medical insurance. For employees in the PRC, the Group was required to contribute to state-sponsored retirement plans at certain prescribed rates based on their basic salaries. In addition, the Group provided comprehensive on-the-job trainings to its employees and sponsored those participated in job-related training courses to ensure their qualifications always meet the changing market standards.

Future Plan of Capital Investments

In view of the booming economy of Macau through the rapid-growing tourism & gaming industry, the Group will continue to solicit for and identify possible acquisition or partnership to capture the business opportunities from tourism and gaming industry. The Group will issue shares to finance such investments.

Besides, the Group will continue to develop ERP market and do not have any capital investments.

(ii) Set out below is the management discussion and analysis of the Group for the year ended 31 March 2007.

Business Review

During the year under review, the core business of the Group comprises (i) provision of marketing, gaming and entertainment services in Macau; (ii) sales and implementation service of customised software (including ERP and POS solutions) and related computer equipments; and (iii) provision of technical support and maintenance services on the systems implemented.

Since 2005, the Group has operated in one of the fastest-growing gaming markets in the world, Macau and has engaged in providing marketing, gaming and entertainment services for VIP gaming lounges. For the past year, the gaming and entertainment sector of the Group was adversely affected by the commencement of operations of new casinos in Macau and most of them are employing competitive means to compete directly against the operations of VIP gaming lounges of the Group. The Group intends to devote more resources to undertake marketing and promotion campaigns and aims to diversify the marketing strategies to reach a wider scope of customers. Promotional efforts will be increased to solidify the Group as a long term player in the Macau gaming business.

Financial Review

The Group recorded a consolidated turnover from the continuing operations and discounted operation was approximately HK$35.43 million, representing a decrease of 25% as compared to last year (2006: HK$47.50 million). Loss attributable to shareholders was HK$5.99 million (2006: Profit of HK$2.85 million). The drop in turnover and loss for the year under review was mainly due to the early termination of the marketing agreement dated 14 July 2005 entered into between the Group and Mr. Iong Io Hong (the "**Marketing Agreement**").

During the year under review, turnover contributed by the gaming and entertainment sector (including the sharing of profits of a junket representative of a VIP lounge of a casino in Macau and the marketing service for gaming activities in Macau) as the primary business segment of the Group was HK$17.46 million (2006: HK$22.78 million), represented a decrease of 23% comparing with last year. The early termination of the Marketing Agreement caused a drop in turnover of HK$11.08 from the provision of marketing service for gaming activities in Macau. Turnover contributed by sales of customised software and related computer equipment was HK$14.92 million, decreased by 16% (2006: HK$17.83 million). Revenue from the support and maintenance services was HK$3.05 million, decreased by 48% (2006: HK$5.92 million). The contribution of gaming and entertainment sector to turnover for the financial year was 49% (2006: 48%), and that of IT sector was 51% (2006: 52%).

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. 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.

Bank Loans

	Group	
	2007	**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. The bank loans were all denominated in HK$.

Obligations Under Finance Leases

	Minimum lease payments lease		Present value of minimum 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 obligations under finance leases were all denominated in HK$.

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

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

Substantial proportion of the commitment under operation leases was denominated in HK$, and a small proportion was denominated in RMB.

Liquidity, Financial Resources and Capital Resources

As at 31 March 2007, the Group had cash and bank balances of approximately HK$1.28 million (2006: HK$6.89 million). The Group's current assets were approximately 0.34 times (2006: 1.46 times) over its current liabilities. Substantial proportion of the cash and bank balances was denominated in HK$, and a small proportion of cash and bank balances was denominated in RMB.

Gearing Ratio

As at 31 March 2007, the Group's gearing ratio, being the ratio of the total borrowings to the total assets, was 0.19% (2006: 2.37%).

Foreign Currency Risk

During the year of 2007, as the sales, expenditures, assets and liabilities were mainly denominated in HK$ and RMB, the Group's exposure to foreign currency fluctuations was minimal and no hedging is considered necessary.

Charges on the Group Assets

As at 31 March 2007, none of the Group's assets had been pledged (2006: Nil).

Significant Investments, Material Acquisitions and Disposals

Acquisition of Right Gateway

In July 2006, the Group contracted to acquire the entire issued share capital of Right Gateway Limited for a total consideration of HK$230,200,000. Right Gateway Limited holds 70% interest in Right

Idea Investments Limited, a company which has entered into an agreement with Man Pou Gambling Promotion Company Limited to acquire 100% of its net profit which was estimated to be approximately 0.4% of the value of rolling chips (or dead chips) bet by the customers that the junket operator brings into the casino generated by Man Pou Gambling Promotion Company Limited 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 Gambling Promotion Company Limited. The said acquisition has been completed on 28 December 2006. Completion of the said acquisition took place on 28 December 2006, consideration shares (i.e. 50,000,000 ordinary shares of the Company) were issued to the Mr. Sin and Ms. Chen and Right Gateway Limited became a wholly-owned subsidiary of the Group.

Termination of the Marketing Agreement

Having taken into account of the increasing competition in the Macau gaming market, the board of Directors has made a strategic decision to terminate the Marketing Agreement on 28 February 2007 for the provision of rolling and settlement services in the Imperator 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. A compensation of HK$6,000,000 has been made for the early termination of the Marketing Agreement.

Contingent Liabilities

As at 31 March 2007, the Group did not have any significant contingent liabilities.

Employee and Remuneration Policies

As at 31 March 2007, the Group had approximately 44 (2006: 44) employees in Hong Kong and the PRC. The total remuneration to employees, including the executive Directors for the year under review amounted to approximately HK$16.86 million (2006: HK$13.41 million). Employees in Hong Kong were entitled to provident fund contributions and medical insurance. For employees in the PRC, the Group was required to contribute to state-sponsored retirement plans at certain prescribed rates based on their basic salaries. In addition, the Group provided comprehensive on-the-job trainings to its employees and sponsored those participated in job-related training courses to ensure their qualifications always meet the changing market standards.

Future Plan of Capital Investments

Going forward, in addition to the continual improvement of the operating performance of the existing business, the Group will seek business collaborations and investment opportunities in the South East Asia region with the aim to boost the Group's gaming and entertainment revenues. The Group will issue shares to finance such investments.

(iii) Set out below is the management discussion and analysis of the Group for the year ended 31 March 2008.

Business Review

During the year under review, the core business of the Group comprises (i) sharing of profits of a Macau casino junket representative; (ii) money lending services; (iii) sales of customized software (including ERP and POS solutions) and related computer equipments; and (iv) provision of technical support and maintenance services on the systems implemented.

Financial Review

The Group recorded a consolidated turnover of approximately HK$25.42 million, representing a decrease of 28% as compared to last year (2007: HK$35.43 million). The drop in turnover for the year was mainly arisen from the early termination of the marketing agreement for the provision of rolling and settlement services in the Imperator VIP Club at the Galaxy Casino at the Waldo Hotel in Macau on 28 February 2007, in order to reallocate and centralize resources in developing high profit customers in the Jun Ying VIP Club. Loss attributable to shareholders was HK$43.71 million, as compared to a loss of HK$5.99 million in 2007. The Group recorded a higher net loss attributable to the shareholders is mainly due to the impairment of goodwill arising from the acquisition of Right Gateway in December 2006 and the cost associated with equity-settled share options. Disregarding these items, the Group recorded a loss attributable to shareholders of HK$9.45 million.

During the year under review, turnover contributed by gaming and entertainment sector as the primary business segment of the Group was HK$6.28 million (2007: HK$17.46 million), represented a decrease of 64% comparing with last year. The early termination of the marketing agreement caused a drop in turnover of HK$11.70 million from the provision of marketing service for gaming activities in Macau. Turnover contributed by sales of customised software and related computer equipment was HK$15.76 million, increased by 6% (2007: HK$14.92 million). Revenue from the support and maintenance services was HK$3.18 million, increased by 4.26% (2007:3.05 million). The contribution of gaming and entertainment sector, money lending sector and IT sector to turnover for the financial year was 25% (2007: 49%); 1% (2007: Nil) and 74% (2007: 51%).

Financial Risk Management Objectives And Policies

(a) Capital management

The primary objective of the Company's capital management policy is to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The directors of the Company review the capital structure on a periodical basis. As a part of this view, the directors of the Company consider the cost of capital and the risks associated with each class of capital, to balance its overall capital structure through new share issues as well as raising new debts or repayment of existing debts.

The Group monitors capital using a debt to equity ratio derived from the consolidated balance sheets. The following table analyses the Group's capital structure as at 31 March 2008:

	2008	**2007**
	HK$'000	*HK$'000*
Total liabilities	8,998	44,653
Total equity	121,059	29,659
Debt to equity ratio	7.4%	150.6%

(b) Financial risk factors

The Group is exposed to credit, liquidity, interest rate and currency risks arising in the normal course of its businesses.

These risks are regularly monitored by the management and limited by the Group's financial management policies and practices described below.

i) Credit risk

The Group's credit risk is primarily attributable to bank balances, time deposits placed with other entities, trade and loans receivables. Bank balances are deposited with banks of high credit ratings such that the risk of bank failure is minimised. The credit quality of the counterparties regarding time deposits has been assessed with reference to external credit ratings (if available) or historical information about the counterparty default rates. The existing counterparties do not have defaults in the past. As regards trade and other receivable, the management continuously evaluates the credit worthiness and payment patterns of each borrower or 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 against trade receivables.

The Group has certain concentration risk. As at 31 March 2008, funds in the total sum of HK$59,000,000 that are not needed for immediate use have been placed as time deposits with a VIP lounge of a casino in Macau. In addition, approximately 57% (2007: 53%) and 77% (2007: 78%) of its trade receivables as at 31 March 2008 was attributable to one single customer and five customers respectively. In addition, approximately 24% (2007: nil) and 81% (2007: nil) of the Group's loans receivable as at 31 March 2008 was attributable to one single borrower and five borrowers respectively. The management will monitor the level of exposure to ensure that follow-up actions and/or corrective actions will be taken promptly to lower exposure.

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

ii) Liquidity risk

The management regularly monitors current and expected liquidity requirements, to ensure that the Group maintains sufficient reserves of cash meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the balance sheet date of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating, based on rates current at the balance sheet date) and the earliest date of the Group can be required to pay:

	Within 1 year or on demand *HK$'000*	**Between 1 and 2 years** *HK$'000*	**Total** *HK$'000*
As at 31 March 2008			
Trade payables	3,497	–	3,497
Accruals and other payables	3,862	–	3,862
Finance lease and interest payment	40	–	40
	7,399	–	7,399

	Within 1 year or on demand *HK$'000*	**Between 1 and 2 years** *HK$'000*	**Total** *HK$'000*
As at 31 March 2007			
Trade payables	868	–	868
Accruals and other payables	4,294	–	4,294
Amount due to ultimate holding company	1,407	–	1,407
Finance lease and interest payment	162	–	162
Consideration for acquisition *(note i)*	18,750	11,250	30,000
	25,481	11,250	36,731

Note:

(i) Consideration for acquisition represented the cash portion of the consideration for the acquisition of Right Gateway. The amount of such cash consideration has been reduced and the payment term has been revised pursuant to the Supplemental Agreement dated 21 May 2007 (see Note 31).

Note: denominated in HK$ as at the balance sheet date *iii) Cash flow and fair value interest rate risk*

As of 31 March 2008, except for the loans receivable of HK$8,727,000 (2007: nil) held at average effective interest rate of 15% per annum (2007: nil), time deposits of HK$64,000,000 in total (2007: nil) held at average effective interest rate of 5.9% per annum (2007: nil) and the finance lease obligations of HK$35,000 (2007: HK$144,000) held at effective interest rate of 7% per annum (2007: 6%), the Group has no significant interest bearing assets and liabilities. The finance lease obligations at fixed rate expose the Group to fair value interest rate risk which is insignificant to the Group.

iv) Foreign currency risk

During the year, the Group had insignificant exposure to foreign currency risk as its business transactions, assets and liabilities were primarily conducted and recorded in the functional currency of the respective entities to which they relate. The Group currently has no particular hedging vehicles to hedge its exposure to foreign exchange risk. However, the management continuously monitors foreign exchange exposure and will consider making use of appropriate hedging measures when the need arises.

As of 31 March 2008, the Group did not have significant forecast transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

(c) Fair value estimation

The fair value of cash and bank deposits, trade and loans receivables, trade and other payables are not materially different from their carrying amounts because of immediate or short-term maturity of these financial instruments.

Obligations Under Finance Lease

	Minimum lease payments		Present value of minimum lease payments	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amount payable:				
Within one year	40	162	35	144
In the second to fifth years	–	–	–	–
	40	162	35	144
Future finance charges	(5)	(18)	–	–
Present value of lease obligations	35	144	35	144
Amount classified as current liabilities			(35)	(144)
Amount classified as non-current liabilities			–	–

It is the Group's policy to lease certain of its office equipment under finance leases. The average lease term is 2 years. Interest rates underlying all obligations under finance leases are fixed at the respective contract dates. For the year ended 31 March 2008, the average effective interest rate was 7% (2007: 6%). These leases have no terms of renewal and escalation clauses. No arrangements have been entered into for contingent rental payments. The obligations under finance leases were all denominated in HK$.

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

Commitments Under Operating Leases

As of 31 March 2008, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	Group	
	2008	**2007**
	HK$'000	*HK$'000*
Within one year	680	781
In the second to fifth years inclusive	216	–
	896	781

Substantial proportion of the commitment under operation leases was denominated in HK$, and a small proportion was denominated in RMB.

Liquidity, Financial Resources and Capital Resources

Rights issue and bonus shares issue

In June 2007, the Board proposed a rights issue and a bonus share issue and the shareholders, at the SGM, approved the Company to raise approximately HK$39.4 million before expenses by way of rights issue of one rights share for every 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**"). The Rights Issue was fully underwritten by Sun Hung Kai International Limited pursuant to the terms and conditions of the underwriting agreement dated 23 May 2007. 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.

Capital reorganization

In November 2007, the Company has carried out a capital reorganization to reduce the nominal value of each of the then issued ordinary share(s) of HK$0.1 each in the capital of the Company ("**Former Share(s)**") to HK$0.01 by canceling the paid-up capital to the extent of HK$0.09 per issued Former 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.

Bonus warrant issue

In November 2007, the Company has carried out a bonus warrant issue on the basis of two (2) warrants for every ten (10) Former 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.

Open offer and bonus share issue

In November 2007, the Company has carried out 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 Former 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. The Company raised approximately HK$99.9 million before expenses by way of the Open Offer.

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.

As at 31 March 2008, the Group had cash and bank balances of approximately HK$19.19 million (2007: HK$1.28 million). The Group's current assets were approximately 11.03 times (2007: 0.34 times) over its current liabilities. Substantial proportion of the cash and bank balances was denominated in HK$, and a small proportion of cash and bank balances was denominated in RMB.

Gearing Ratio

As at 31 March 2008, the Group's gearing ratio, being the ratio of the total borrowings to the total assets, was 0.03% (2007: 0.19%).

Charges on the Group Assets

As at 31 March 2008, none of the Group's assets had been pledged (2007: Nil).

Significant Investments, Material Acquisitions and Disposals

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 at a consideration of HK$49.5 million. Completion of the subscription agreement took place on 27 February 2008, Cherry Oasis now holds 90% of the total issued share capital of Success Finance. Success Finance is a company incorporated in Hong Kong with limited liability and holds a money lenders license under the Money Lenders Ordinance (Cap. 163 of the Laws of Hong Kong). Success Finance targets 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 paid the subscription money from the net proceeds of the Open Offer. The subscription for shares of Success Finance 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.

Major and connected transaction – Revised consideration for the acquisition of Right Gateway

In June 2007, the Company announced that a supplemental agreement was entered into between the Company, Mr. Sin Tim Iao, Ms. Chen Anfeng (Mr. Sin and Ms. Cheng, the "**City Faith Vendors**") and Man Pou Gambling Promotion Company Limited on 21 May 2007 to revise the consideration for the acquisition of City Faith from HK$230,200,000 to HK$89,877,000.

Issue of Convertible Notes

In April 2008, the Company announced to propose the issue of convertible notes ("**Convertible Notes**") in an equivalent face value of HK$10,700,000 as part payment of the consideration for the acquisition of City Faith ("**City Faith Acquisition**") of the entire issued share capital and shareholder's loans of City Faith. The Company entered into the sale and purchase agreement on 28 March 2008 to acquire the entire issued share capital and shareholder's loans 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 acquisition of City Faith, 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, cannot be satisfied, the acquisition of City Faith has been terminated.

Contingent Liabilities

As at 31 March 2008, the Group did not have any significant contingent liabilities.

Employee and Remuneration Policies

As at 31 March 2008, the Group had approximately 26 (2007: 44) employees in Hong Kong and the PRC. The total remuneration to employees, including the executive directors for the year under review amounted to approximately HK$17.7 million (2007: HK$16.9 million). Employees in Hong Kong were also entitled to provident fund contributions and medical insurance. For employees in the PRC, the Group was required to contribute to state-sponsored retirement plans at certain prescribed rates based on their basic salaries. In addition, the Group provided comprehensive on-the-job trainings to its employees and sponsored those participated in job-related training courses to ensure their qualifications always meet the changing market standards. The remuneration policy and packages of the Group's employees were regularly reviewed by the Board. Apart from provident fund scheme, medical insurance and discretionary bonuses, share options were also awarded to employees according to the assessment of individual performance.

Future Plan of Capital Investments

Going forward, in addition to the continual improvement of the operating performance of the existing business, the Group will seek business collaborations and investment opportunities for diversification. The Group will finance such investment by issuing shares.

2. MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET GROUP

Set out below is the management discussion and analysis of the Target Group for the period from 5 May 2008 (the date of incorporation of the Hong Kong Company) to 31 March 2009.

Financial Review

Turnover

The Target Group did not generate any revenue during the period under review.

Loss

The target Group recorded a consolidated net loss of approximately HK$148,000 during the period under review.

Financial Risk Management Objectives and Policies

The Target Group's financial instruments mainly comprise bank balances, due to a shareholder and payable for plant and machinery, the primary purposes of which are to finance the Target Group's capital expenditure requirements. The Target Group does not have written risk management policies and guidelines. The primary risks arising from the Target Group's financial instruments are credit, liquidity, interest rate and foreign currency rates risks which are limited by the Target Group's financial management policies and practices described below.

Credit risk

The Target Group's maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. The Target Group's credit risk is primarily attributable to cash and bank balances, which amounts were not material as of 31 March 2009, and hence did not expose the Target Group to significant credit risk. None of the Target Group's financial assets are secured by collateral or other credit enhancements.

Interest rate risk

As of 31 March 2009, the Target Group was not exposed to significant interest rate risk, as it had no significant interest-bearing financial assets or financial liabilities. It is considered a reasonably possible change in interest rate in the next twelve months would have an immaterial impact on the Target Group's results and retained earnings. Nor would it have a material impact on the Target Group's other components of equity.

Foreign currency risk

Most of the Target Group's transactions are carried out in RMB which is the functional currency of the Joint Venture Company. Furthermore, as of 31 March 2009, the Target Group did not have significant forecast transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. Accordingly, the Target Group does not consider its foreign currency risk to be significant and does not have any foreign currency hedging policies.

Liquidity risk

The Target Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term. As discussed in note 1.2 of the accountants' report as set out in Appendix II to this circular, the Target Group will be able to meet is liquidity requirement by obtaining the continual financial support from a shareholder, and further capital will be injected into the Joint Venture Company by the Hong Kong Company and a minority shareholder to finance the Joint Venture Company's capital expenditure and working capital requirements.

The following table details the remaining contractual maturities of the Target Group's and Hong Kong Company's financial liabilities, based on contractual undiscounted payments, and the earliest date of the Target Group can be required to pay:

	Target Group		**Hong Kong Company**
	On demand	**1 – 2 years**	**On demand**
	HK$'000	*HK$'000*	*HK$'000*
As of 31 March 2009			
Due to a shareholder	11,529	–	11,529
Payable for plant and machinery	–	105,736	–
	11,529	105,736	11,529

Most of the Target Group's transactions are carried out in RMB which is the functional currency of the Joint Venture Company.

Capital Commitments

Target Group

	31 March 2009
	HK$'000
Contracted but not provided for:	
Purchase of land use rights in the PRC	19,274
Purchase of buildings in the PRC	43,082
Purchase of machinery in the PRC	109
	62,465

Hong Kong Company

	31 March 2009
	HK$'000
Contracted but not provided for:	
Capital injection in a subsidiary	31,824

Most of the Target Group's transactions are carried out in RMB which is the functional currency of the Joint Venture Company.

Pursuant to an amended joint venture agreement dated 21 March 2009, the Hong Kong Company and the minority shareholder of the Joint Venture Company have agreed to increase the registered capital of the Joint Venture Company from US$2,000,000 to US$10,000,000. A certificate of approval was issued by the relevant PRC government authority on 23 March 2009 in respect of the increase in registered capital of the Joint Venture Company. The Hong Kong Company is committed to contributing 51%, or US$4,080,000, of such increased registered capital of the Joint Venture Company. According to the relevant PRC rules and regulations, 20% of the increased registered capital should be paid up within 30 days from the date of the certificate of approval, i.e. on or before 22 April 2009, subject to extension if approved by the PRC government authority. The remaining 80% of the increased capital should be paid up within 2 years from the date of issue of a new business license. Up to the date of this report, the Hong Kong Company has not paid up the increased registered capital of the Joint Venture Company. Application has been made to the relevant PRC government authority for an extension of time for payment of the increased registered capital and was approved on 29 April 2009. On 29 April 2009, a new certificate of approval was issued to the Joint Venture Company, thereby extending the time for paying up its increased registered capital up to 28 May 2009.

Operating Lease Commitments

The Target Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of lands payable as follows:

	31 March 2009
	HK$'000
Within one year	37
In the second to fifth years inclusive	150
After five years	17
	204

Most of the Target Group's transactions are carried out in RMB which is the functional currency of the Joint Venture Company.

Liquidity, Financial Resources and Capital Resources

As at 31 March 2009, the Target Group had cash and bank balances of approximately HK$92,000. The Target Group's current assets were approximately 0.008 times over its current liabilities. Substantial proportion of the cash and balances was denominated in RMB, and a small proportion of cash and bank balances was denominated in HK$.

Gearing Ratio

The gearing ratio of the Target Group, calculated as the total non-current liabilities to the total equity, was 14.21 times as at 31 March 2009.

Charges on Assets

As at 31 March 2009, no assets of the Target Group has been pledged.

Capital Commitments

The Target Group had capital commitments outstanding of approximately HK$62,465,000 as at 31 March 2009.

Significant Investments, Material Acquisition and Disposals

On 16 January 2009, the Joint Venture Company has signed the Assets Transfer Agreement (as amended by a supplemental agreement dated 14 April 2009) with a paper manufacturing company situated in Shandong Province in the PRC pursuant to which the Joint Venture Company has agreed to acquire the assets of the said paper manufacturing company (including inventory, machinery and equipments).

On the same date, the Joint Venture Company has also signed the Property Lease and Purchase Agreement (as amended by a supplemental agreement dated 14 April 2009) with an individual investor pursuant to which the Joint Venture Company has agreed to acquire the land and buildings of the said paper manufacturing company.

Save and except for the above, the Target Group did not have any significant investment, material acquisition and disposal during the period under review.

Contingent Liabilities

The Target Group did not have any significant contingent liabilities during the period under review.

Employee and Remuneration Policies

As at 31 March 2009, the Target Group had signed the employment contracts with 96 employees. Since the said employees were only required to report duty in April 2009 according to their employment contracts (i.e. report duty at the time the Joint Venture Company is in full operation), staff costs, including directors' emoluments, other staff costs and contributions to retirement benefit scheme, was nil for the period under review. The Target Group remunerates its employees based on their performance, experience and the prevailing industry practice.

1. INTRODUCTION

The following unaudited pro forma financial information has been prepared for the purpose of providing shareholders of the Company with information about the impact of the Acquisition by illustrating how the Acquisition might have affected the operating results and cash flows of the Group had the Acquisition been undertaken at the commencement of the year ended 31 March 2008 or, the financial position of the Group as of 30 September 2008, had the completion of the Acquisition taken place on 30 September 2008.

This unaudited pro forma financial information has been prepared based on a number of assumptions, estimates and uncertainties. It is prepared for illustrative purposes only and, because of its nature, it may not give a true picture of the Enlarged Group's financial position or results.

The unaudited pro forma combined balance sheet of the Enlarged Group has been prepared based on the unaudited consolidated balance sheet of the Group as of 30 September 2008 extracted from the published interim report of the Group for the six months ended 30 September 2008 as set out in Appendix I to this circular and the audited consolidated balance sheet of Target Group as of 31 March 2009 as extracted from the accountants' report on the Target Group set out in Appendix II to this circular, as if the Acquisition had been completed on 30 September 2008.

The unaudited pro forma combined income statement and cash flow statement of the Enlarged Group are prepared based on the audited consolidated income statement and cash flow statement of the Group for the year ended 31 March 2008 extracted from the published annual report of the Group for the year ended 31 March 2008 as set out in Appendix I to this circular and the audited consolidated income statement and cash flow statement of the Target Group for the period from 5 May 2008 to 31 March 2009 as extracted from the accountants' report on the Target Group set out in Appendix II to this circular, as if the Acquisition had been completed on 1 April 2007.

According to the Acquisition Agreement, the consideration for the Acquisition is subject to adjustment if the New Vendor fails to fulfill his commitment and undertaking with respect to the capital of a subsidiary of the Target Group, as further discussed in pro forma adjustment note (7) under Section 3.4 below. Therefore, two sets of pro forma financial information have been prepared for the two scenarios: (i) no adjustment to the consideration is required; and (ii) adjustments to the consideration are made.

2.1 UNAUDITED PRO FORMA COMBINED BALANCE SHEET OF THE ENLARGED GROUP UNDER THE SCENARIO WHERE NO ADJUSTMENT TO THE CONSIDERATION IS REQUIRED

	The Group as of 30 September 2008	Target Group as of 31 March 2009	Pro forma adjustments		Pro forma combined as of 30 September 2008
	HK$'000	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
NON-CURRENT ASSETS					
Goodwill	30,000	–	76,745	*(7)*	106,745
Property, plant and equipment	4,402	124,713	46,187	*(7)*	175,302
Land use rights	–	–	19,319	*(7)*	19,319
Available-for-sale financial assets	180	–			180
Total non-current assets	34,582	124,713			301,546
CURRENT ASSETS					
Trade receivables	9,893	–			9,893
Loan receivables	15,352	–			15,352
Inventories	–	–	20,408	*(7)*	20,408
Prepayment, deposits and other receivables	5,016	–			5,016
Available-for-sale financial assets	61,000	–			61,000
Cash and cash equivalents	4,738	92	(47,500)	*(1)*	58,378
			(2,380)	*(5)*	
			103,428	*(7)*	
Total current assets	95,999	92			170,047
CURRENT LIABILITIES					
Trade payables	3,655	–			3,655
Accruals and other payables	402	100	56,000	*(2)*	56,502
Receipts in advance	1,217	–			1,217
Due to a shareholder	–	11,529	(11,529)	*(8)*	–
Current portion of obligations under finance leases	5	–			5
Provision for taxation	964	–			964
Total current liabilities	6,243	11,629			62,343
Net current assets/(liabilities)	89,756	(11,537)			107,704
Total assets less current liabilities	124,338	113,176			409,250

	The Group as of 30 September 2008	Target Group as of 31 March 2009	Pro forma adjustments		Pro forma combined as of 30 September 2008
	HK$'000	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
NON-CURRENT LIABILITIES					
Other payables – due after one year	–	105,736	82,764	*(7)*	188,500
Convertible bonds – due after one year	–	–	32,094	*(3)*	32,094
Promissory notes – due after one year	–	–	46,500	*(4)*	46,500
Deferred tax liabilities	–	–	787	*(7)*	787
Total non-current liabilities	–	105,736			267,881
NET ASSETS	124,338	7,440			141,369
CAPITAL AND RESERVES					
Share capital	27,273	–			27,273
Reserves	87,653	(141)	7,906	*(3)*	95,559
			141	*(6)*	
Equity attributable to equity holders of the parent	114,926	(141)			122,832
Minority interests	9,412	7,581	1,544	*(7)*	18,537
TOTAL EQUITY	124,338	7,440			141,369

2.2 UNAUDITED PRO FORMA COMBINED INCOME STATEMENT OF THE ENLARGED GROUP UNDER THE SCENARIO WHERE NO ADJUSTMENT TO THE CONSIDERATION IS REQUIRED

	The Group Year ended 31 March 2008	Target Group Period from 5 May 2008 to 31 March 2009	Pro forma adjustments		Pro forma combined Year ended 31 March 2008
	HK$'000	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
REVENUE	25,424	–			25,424
Other income	749	–			749
Raw materials and consumables used	(7,119)	–			(7,119)
Staff costs	(17,671)	–			(17,671)
Depreciation of property, plant and equipment	(241)	–	(14,805)	*(9)*	(15,046)
Impairment loss on goodwill	(33,376)	–			(33,376)
Impairment loss on trade receivables	(671)	–			(671)
Other expenses	(8,300)	(148)	(383)	*(10)*	(8,831)
Finance costs	(619)	–	(7,804)	*(11)*	(8,423)
Loss before tax	(41,824)	(148)			(64,964)
Tax	–	–	23	*(9)*	23
			0	*(10)*	
LOSS FOR THE YEAR	(41,824)	(148)			(64,941)

2.3 UNAUDITED PRO FORMA COMBINED CASH FLOW STATEMENT OF THE ENLARGED GROUP UNDER THE SCENARIO WHERE NO ADJUSTMENT TO THE CONSIDERATION IS REQUIRED

	The Group Year ended 31 March 2008	Target Group Period from 5 May 2008 to 31 March 2009	Pro forma adjustments		Pro forma combined Year ended 31 March 2008
	HK$'000	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
Operating activities					
Loss before tax	(41,824)	(148)	(14,805)	*(9)*	(64,964)
			(383)	*(10)*	
			(7,804)	*(11)*	
Adjustment for:					
Equity-settled share option expense	882	–			882
Finance costs	619	–	7,804	*(11)*	8,423
Depreciation of property, plant and equipment	241	–	14,805	*(9)*	15,046
Amortisation of land use rights	–	–	383	*(10)*	383
Impairment loss on goodwill	33,376	–			33,376
Impairment loss on trade receivables	671	–			671
Gain on disposal of property, plant and equipment	(41)	–			(41)
Interest income, excluding that derived from money lending operation	(279)	–			(279)
Operating cash flows before working capital changes	(6,355)	(148)			(6,503)
Increase in trade receivables	(2,779)	–			(2,779)
Increase in loans receivables	(8,727)	–			(8,727)
(Increase) decrease in prepayment, deposits and other receivables	(951)	–			(951)
Increase in trade payables	2,629	–			2,629
Decrease in accruals and other payables	(432)	100			(332)
Decrease in receipts in advance	(1,459)	–			(1,459)
Cash used in operations	(18,074)	(48)			(18,122)
Interest paid	(619)	–	(4,069)	*(11)*	(4,688)
Net cash used in operating activities	(18,693)	(48)			(22,810)

	The Group Year ended 31 March 2008	Target Group Period from 5 May 2008 to 31 March 2009	Pro forma adjustments		Pro forma combined Year ended 31 March 2008
	HK$'000	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
Investing activities					
Interest received, excluding that derived from money lending operation	279	–			279
Proceeds from disposal of property, plant and equipment	41	–			41
Payment of consideration for acquisition	(34,877)	–	(56,000)	(2)	(90,877)
Increase in available-for-sale financial assets	(59,180)	–			(59,180)
Purchase of property, plant and equipment	(484)	(18,830)			(19,314)
Net cash used in investing activities	(94,221)	(18,830)			(169,051)
Financing activities					
Advances from a shareholder	–	11,529	(11,529)	(8)	–
Advances from a related party	–	–	11,529	(8)	11,529
Repayment to ultimate holding company	(1,407)	–			(1,407)
Capital elements of finance leases	(109)	–			(109)
Proceeds from issue of shares	139,394	–			139,394
Share issuance expenses	(12,609)	–			(12,609)
Proceeds from issue of shares to minority shareholders of subsidiaries	5,501	7,654			13,155
Net cash provided by financing activities	130,770	19,183			149,953
Net increase (decrease) in cash and cash equivalents	17,856	305			(41,908)
Cash and cash equivalents at beginning of year	1,277	–	(47,500)	*(1)*	54,825
			(2,380)	*(5)*	
			103,428	*(7)*	
Effect of foreign exchange rate changes	56	(213)			(157)
Cash and cash equivalents at end of year	19,189	92			12,760

2.4 NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP UNDER THE SCENARIO WHERE NO ADJUSTMENT TO THE CONSIDERATION IS REQUIRED

On 10 February 2009, Glory Smile Enterprises Limited, or the Purchaser, a wholly-owned subsidiary of the Company, entered into an acquisition agreement dated 10 February 2009 ("Acquisition Agreement") and a supplemental agreement dated 30 March 2009 with Mr. Chook Hong Shee, or the New Vendor, for the acquisition ("Acquisition") of the entire equity interest in Mega Bright Investment Development Limited ("Mega Bright"), which in turn holds 51% equity interest in Jining Gangning Paper Co., Ltd. ("Jining Gangning", together with Mega Bright referred to as "Target Group") for an aggregate consideration of HK$190 million, payable as follows:

- HK$47.5 million in cash as a refundable deposit ("Refundable Deposit"), which was already paid on 24 March 2009;
- HK$56 million in cash ("Second Payment") payable within 4 month after the approval of the Acquisition Agreement and the transactions contemplated thereunder at a special general meeting to be held by the Company;
- HK$40 million by issue of convertible bonds ("Convertible Bonds") convertible into 333,333,333 ordinary shares of the Company at a conversion price of HK$0.12 per share by the Company to the New Vendor or his nominee(s) within 1 month upon completion of the Acquisition ("Completion"); and
- HK$46.5 million by issue of 36-month promissory notes ("Promissory Notes") by the Company to the New Vendor or his nominee(s) which bear an interest of 1% above the prime rate as quoted by the Hongkong and Shanghai Banking Corporation Limited ("HSBC") within 1 month upon Completion.

Notes to pro forma adjustments

(1) This pro forma adjustment reflects the payment by the Company of the Refundable Deposit of HK$47,500,000 as part of the consideration for the Acquisition on 24 March 2009. This pro forma adjustment to the pro forma combined cash flow statement is directly attributable to the Acquisition and is expected not to have a continuing effect on the Enlarged Group.

(2) This pro forma adjustment reflects the Second Payment of HK$56,000,000 as part of the consideration. This pro forma adjustment to the pro forma combined cash flow statement is directly attributable to the Acquisition and is expected not to have a continuing effect on the Enlarged Group.

(3) This pro forma adjustment reflects the issue of the zero coupon 2-year Convertible Bonds, which contain liability and equity components. The fair value of approximately HK$32,094,000 of the liability component of the Convertible Bonds was determined based on the present value of the contractual stream of future cash flows discounted at an effective interest rate of 11.64%. The equity component of HK$7,906,000, which is the residual amount after taking out the liability component from the fair value of the Convertible Bonds, is presented in equity.

On Completion, the fair value of the liability and equity components of the Convertible Bonds will have to be reassessed as of the date of the Completion.

(4) This pro forma adjustment reflects the Promissory Notes of HK$46,500,000 as part of the consideration for the Acquisition.

(5) This pro forma adjustment reflects the payment of estimated transaction costs directly attributable to the Acquisition. This pro forma adjustment to the pro forma combined cash flow statement is directly attributable to the Acquisition and is expected not to have a continuing effect on the Enlarged Group.

(6) This pro forma adjustment represents the elimination of the share capital and pre-acquisition reserves of the Target Group.

(7) This pro forma adjustment reflects the goodwill arising on consolidation of the Target Group, calculated as follows:

	Carrying amount	Fair value adjustments		Fair value
	HK$'000	*HK$'000*	*Notes*	*HK$'000*
Plant and equipment	124,713	2,810	*(ii)*	127,523
Buildings	–	43,082	*(i)*	43,377
		295	*(iii)*	
Land use rights	–	19,274	*(i)*	19,319
		45	*(iii)*	
Inventories	–	20,408	*(v)*	20,408
Other current assets	92			92
Accruals	(100)			(100)
Shareholder's loan	(11,529)			(11,529)
Other payables	(105,736)	(62,356)	*(i)*	(188,500)
		(20,408)	*(v)*	
Deferred tax liabilities	–	(787)	*(iv)*	(9,125)
Net assets of the Target Group	7,440			9,803
Minority interests	(7,581)	(1,377)	*(ii)*	(9,125)
		(167)	*(iii)*	
	(141)			678
Cash received from New Vendor for the increase in Jining Gangning's registered capital	–		*(vi)*	31,824
Cash received from New Vendor for the injection of further capital into Jining Gangning	–		*(vi)*	71,604
Net assets acquired	(141)			104,106
Consideration for the Acquisition				190,000
Estimated transaction costs directly attributable to the Acquisition				2,380
Total cost of the Acquisition				192,380
Assignment of shareholder's loan from New Vendor to the Company				(11,529)
				180,851
Goodwill				76,745

(i) This pro forma adjustment reflects the completion of the acquisition of land use rights and buildings by Jining Gangning for the purpose of its paper product production facilities, for an aggregate cash consideration of RMB55,000,000 (equivalent to approximately HK$62,356,000) on 17 April 2009 pursuant to the Property Lease and Purchase Agreement. This consideration is payable by Jining Gangning on or before the expiry of a 18-month period from the date of the Assets Transfer Agreement.

(ii) The fair value of the plant and equipment of approximately RMB112,479,000 (equivalent to approximately HK$127,523,000) was determined based on the valuation report issued by LCH (Asia-Pacific) Surveyors Limited, an independent professional qualified valuer.

(iii) The fair values of the land use rights and the buildings of RMB17,040,000 (equivalent to approximately HK$19,319,000) and RMB38,260,000, (equivalent to approximately HK$43,377,000), respectively were determined based on the valuation report issued by LCH (Asia-Pacific) Surveyors Limited, an independent professional qualified valuer made.

(iv) Deferred tax has been calculated based on the PRC corporate income tax rate of 25% on the fair value adjustments.

(v) This pro forma adjustment reflects the acquisition of inventories of RMB18,000,000 (equivalent to approximately HK$20,408,000) pursuant to the Assets Transfer Agreement. The purchase price is payable by Jining Gangning on or before the expiry of a 18-month period from the date of the Assets Transfer Agreement.

(vi) On 21 March 2009, Jining Gangning has resolved to increase its registered capital from US$2,000,000 to US$10,000,000. Mega Bright is committed to contributing 51% of the increased registered capital of Jining Gangning, or US$4,080,000 (equivalent to HK$31,824,000) by way of cash.

The New Vendor has undertaken to inject cash which will equal Mega Bright's proportionate share (i.e. 51%) of such increased capital of Jining Gangning such that the registered capital of Jining Gangning will further increase from US$10,000,000 to US$28,000,000. The amount of the New Vendor's undertaking in this regard is US$9,180,000 (equivalent to HK$71,604,000).

The pro forma adjustment of HK$103,428,000 of cash received from the New Vendor to the pro forma combined cash flow statement regarding the New Vendor's contribution into Jining Gangning's capital is directly attributable to the Acquisition and is expected not to have a continuing effect on the Enlarged Group.

On Completion, the fair value of the identifiable assets and liabilities of the Target Group will have to be reassessed as of the date of the Completion. As a result, the amount of goodwill may be different from the estimate stated above, which is presented for illustrative purpose only.

(8) This pro forma adjustment reflects the reclassification of accounts upon Completion, which is expected to have a continuing effect on the Enlarged Group.

(9) This pro forma adjustment reflects the depreciation of the buildings, plant and equipment acquired from the Target Group over their estimated useful lives of 20 and 10 years, respectively, and the reversal of the deferred tax on the fair value adjustments thereon, which will have a continuing effect on the Enlarged Group.

(10) This pro forma adjustment reflects the amortisation of the land use rights acquired from the Target Group over a term of 50 years and the reversal of the deferred tax on the fair value adjustment thereon, which will have a continuing effect on the Enlarged Group.

(11) This pro forma adjustment reflects the finance costs of HK$7,804,000 to be recognised after Completion in respect of (i) an imputed interest expense of approximately HK$3,735,000 on the Convertible Bonds based on an effective interest rate of 11.64% per annum, and (ii) an interest expense of approximately HK$4,069,000 on the Promissory Notes which bear an interest at HSBC prime rate plus 1% per annum. The interest expenses will have a continuing effect on the Enlarged Group.

3.1 UNAUDITED PRO FORMA COMBINED BALANCE SHEET OF THE ENLARGED GROUP UNDER THE SCENARIO WHERE ADJUSTMENTS TO THE CONSIDERATION ARE MADE

	The Group as of 30 September 2008	Target Group as of 31 March 2009	Pro forma adjustments		Pro forma combined as of 30 September 2008
	HK$'000	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
NON-CURRENT ASSETS					
Goodwill	30,000	–	76,745	*(7)*	106,745
Property, plant and equipment	4,402	124,713	46,187	*(7)*	175,302
Land use rights	–	–	19,319	*(7)*	19,319
Available-for-sale financial assets	180	–			180
Total non-current assets	34,582	124,713			301,546
CURRENT ASSETS					
Trade receivables	9,893	–			9,893
Loan receivables	15,352	–			15,352
Inventories	–	–	20,408	*(7)*	20,408
Prepayment, deposits and other receivables	5,016	–			5,016
Available-for-sale financial assets	61,000	–			61,000
Cash and cash equivalents	4,738	92	(4,830)	*(1)*	–
Total current assets	95,999	92			111,669
CURRENT LIABILITIES					
Trade payables	3,655	–			3,655
Accruals and other payables	402	100	–	*(2)*	502
Receipts in advance	1,217	–			1,217
Due to a shareholder	–	11,529	(11,529)	*(7)*	–
Current portion of obligations under finance leases	5	–			5
Provision for taxation	964	–			964
Bank overdraft	–	–	42,670	*(1)*	44,122
			2,380	(5)	
			(928)	(7)	
Total current liabilities	6,243	11,629			50,465
Net current assets/(liabilities)	89,756	(11,537)			61,204
Total assets less current liabilities	124,338	113,176			362,750

	The Group as of 30 September 2008	Target Group as of 31 March 2009	Pro forma adjustments		Pro forma combined as of 30 September 2008
	HK$'000	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
NON-CURRENT LIABILITIES					
Other payables – due after one year	–	105,736	82,764	*(7)*	188,500
Convertible bonds – due after one year	–	–	32,094	*(3)*	32,094
Promissory notes – due after one year	–	–	–	*(4)*	–
Deferred tax liabilities	–	–	787	*(7)*	787
Total non-current liabilities	–	105,736			221,381
NET ASSETS	124,338	7,440			141,369
CAPITAL AND RESERVES					
Share capital	27,273	–			27,273
Reserves	87,653	(141)	7,906	*(3)*	95,559
			141	*(6)*	
Equity attributable to equity holders of the parent	114,926	(141)			122,832
Minority interests	9,412	7,581	1,544	*(7)*	18,537
TOTAL EQUITY	124,338	7,440			141,369

3.2 UNAUDITED PRO FORMA COMBINED INCOME STATEMENT OF THE ENLARGED GROUP UNDER THE SCENARIO WHERE ADJUSTMENTS TO THE CONSIDERATION ARE MADE

	The Group Year ended 31 March 2008	Target Group Period from 5 May 2008 to 31 March 2009	Pro forma adjustments		Pro forma combined Year ended 31 March 2008
	HK$'000	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
REVENUE	25,424	–			25,424
Other income	749	–			749
Raw materials and consumables used	(7,119)	–			(7,119)
Staff costs	(17,671)	–			(17,671)
Depreciation of property, plant and equipment	(241)	–	(14,805)	*(9)*	(15,046)
Impairment loss on goodwill	(33,376)	–			(33,376)
Impairment loss on trade receivables	(671)	–			(671)
Other expenses	(8,300)	(148)	(383)	*(10)*	(8,831)
Finance costs	(619)	–	(3,735)	*(11)*	(4,354)
Loss before tax	(41,824)	(148)			(60,895)
Tax	–	–	23	*(9)*	23
			0	*(10)*	
LOSS FOR THE YEAR	(41,824)	(148)			(60,872)

3.3 UNAUDITED PRO FORMA COMBINED CASH FLOW STATEMENT OF THE ENLARGED GROUP UNDER THE SCENARIO WHERE ADJUSTMENTS TO THE CONSIDERATION ARE MADE

	The Group Year ended 31 March 2008	Target Group Period from 5 May 2008 to 31 March 2009	Pro forma adjustments	Notes	Pro forma combined Year ended 31 March 2008
	HK$'000	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
Operating activities					
Loss before tax	(41,824)	(148)	(14,805)	*(9)*	(60,895)
			(383)	*(10)*	
			(3,735)	*(11)*	
Adjustment for:					
Equity-settled share option expense	882	–			882
Finance costs	619	–	3,735	*(11)*	4,354
Depreciation of property, plant and equipment	241	–	14,805	*(9)*	15,046
Amortisation of land use rights	–	–	383	*(10)*	383
Impairment loss on goodwill	33,376	–			33,376
Impairment loss on trade receivables	671	–			671
Gain on disposal of property, plant and equipment	(41)	–			(41)
Interest income, excluding that derived from money lending operation	(279)	–			(279)
Operating cash flows before working capital changes	(6,355)	(148)			(6,503)
Increase in trade receivables	(2,779)	–			(2,779)
Increase in loans receivables	(8,727)	–			(8,727)
(Increase) decrease in prepayment, deposits and other receivables	(951)	–			(951)
Increase in trade payables	2,629	–			2,629
Decrease in accruals and other payables	(432)	100			(332)
Decrease in receipts in advance	(1,459)	–			(1,459)
Cash used in operations	(18,074)	(48)			(18,122)
Interest paid	(619)	–			(619)
Net cash used in operating activities	(18,693)	(48)			(18,741)
Investing activities					
Interest received, excluding that derived from money lending operation	279	–			279
Proceeds from disposal of property, plant and equipment	41	–			41
Payment of consideration for acquisition	(34,877)	–			(34,877)
Increase in available-for-sale financial assets	(59,180)	–			(59,180)
Purchase of property, plant and equipment	(484)	(18,830)			(19,314)
Net cash used in investing activities	(94,221)	(18,830)			(113,051)

	The Group Year ended 31 March 2008	Target Group Period from 5 May 2008 to 31 March 2009	Pro forma adjustments		Pro forma combined Year ended 31 March 2008
	HK$'000	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
Financing activities					
Advances from a shareholder	–	11,529	(11,529)	*(8)*	–
Advances from a related party	–	–	11,529	*(8)*	11,529
Repayment to ultimate holding company	(1,407)	–			(1,407)
Capital elements of finance leases	(109)	–			(109)
Proceeds from issue of shares	139,394	–			139,394
Share issuance expenses	(12,609)	–			(12,609)
Proceeds from issue of shares to minority shareholders of subsidiaries	5,501	7,654			13,155
Net cash provided by financing activities	130,770	19,183			149,953
Net increase in cash and cash equivalents	17,856	305			18,161
Cash and cash equivalents at beginning of year	1,277	–	(47,500)	*(1)*	(47,675)
			928	*(7)*	
			(2,380)	*(5)*	
Effect of foreign exchange rate changes	56	(213)			(157)
Cash and cash equivalents at end of year	19,189	92			(29,671)

3.4 NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP UNDER THE SCENARIO WHERE ADJUSTMENTS TO THE CONSIDERATION ARE MADE

On 10 February 2009, Glory Smile Enterprises Limited, or the Purchaser, a wholly-owned subsidiary of the Company, entered into an acquisition agreement dated 10 February 2009 ("Acquisition Agreement") and a supplemental agreement dated 30 March 2009 with Mr. Chook Hong Shee, or the New Vendor, for the acquisition ("Acquisition") of the entire equity interest in Mega Bright Investment Development Limited ("Mega Bright"), which in turn holds 51% equity interest in Jining Gangning Paper Co., Ltd. ("Jining Gangning", together with Mega Bright referred to as "Target Group") for an aggregate consideration of HK$190 million, payable as follows:

- HK$47.5 million in cash as a refundable deposit ("Refundable Deposit"), which was already paid on 24 March 2009;
- HK$56 million in cash ("Second Payment") payable within 4 month after the approval of the Acquisition Agreement and the transactions contemplated thereunder at a special general meeting to be held by the Company;
- HK$40 million by issue of convertible bonds ("Convertible Bonds") convertible into 333,333,333 ordinary shares of the Company at a conversion price of HK$0.12 per share by the Company to the New Vendor or his nominee(s) within 1 month upon completion of the Acquisition ("Completion"); and
- HK$46.5 million by issue of 36-month promissory notes ("Promissory Notes") by the Company to the New Vendor or his nominee(s) which bear an interest of 1% above the prime rate as quoted by the Hongkong and Shanghai Banking Corporation Limited ("HSBC") within 1 month upon Completion.

Notes to pro forma adjustments

(1) This pro forma adjustment reflects the payment by the Company of the Refundable Deposit of HK$47,500,000 as part of the consideration for the Acquisition on 24 March 2009. This pro forma adjustment to the pro forma combined cash flow statement is expected not to have a continuing effect on the Enlarged Group.

(2) This pro forma adjustment reflects the Second Payment of HK$56,000,000 as part of the consideration for the Acquisition, as deducted by an adjustment of HK$56,000,000 to the consideration, as discussed in note (7)(v) below.

(3) This pro forma adjustment reflects the issue of the zero coupon 2-year Convertible Bonds, which contain liability and equity components. The fair value of approximately HK$32,094,000 of the liability component of the Convertible Bonds was determined based on the present value of the contractual stream of future cash flows discounted at an effective interest rate of 11.64%. The equity component of HK$7,906,000, which is the residual amount of after taking out the liability component from the fair value of the Convertible Bonds, is presented in equity.

On Completion, the fair value of the liability and equity components of the Convertible Bonds will have to be reassessed as of the date of the Completion.

(4) This pro forma adjustment reflects the Promissory Notes of HK$46,500,000 as part of the consideration for the Acquisition, as deducted by an adjustment of HK$46,500,000 to the consideration, as discussed in note (7)(v) below.

(5) This pro forma adjustment reflects the payment of estimated transaction costs of HK$2,380,000 directly attributable to the Acquisition. This pro forma adjustment to the pro forma combined cash flow statement is expected not to have a continuing effect on the Enlarged Group.

(6) This pro forma adjustment represents the elimination of the share capital and pre-acquisition reserves of the Target Group.

(7) This pro forma adjustment reflects the goodwill arising on consolidation of the Target Group, calculated as follows:

	Carrying amount	Fair value adjustments		Fair value
	HK$'000	*HK$'000*	*Notes*	*HK$'000*
Plant and equipment	124,713	2,810	*(ii)*	127,523
Buildings	–	43,082	*(i)*	43,377
		295	*(iii)*	
Land use rights	–	19,274	*(i)*	19,319
		45	*(iii)*	
Inventories	–	20,408	*(v)*	20,408
Other current assets	92			92
Accruals	(100)			(100)
Shareholder's loan	(11,529)			(11,529)
Other payables	(105,736)	(62,356)	*(i)*	(188,500)
		(20,408)	*(v)*	
Deferred tax liabilities	–	(787)	*(iv)*	(787)
Net assets of the Target Group	7,440			9,803
Minority interests	(7,581)	(1,377)	*(ii)*	(9,125)
		(167)	*(iii)*	
Net assets acquired	(141)			678
Consideration for the Acquisition				190,000
Estimated transaction costs directly attributable to the Acquisition				2,380
Total cost of the Acquisition				192,380
Adjustment to consideration for New Vendor's commitment to paying up Jining Gangning's registered capital			*(vi)*	(31,824)
Adjustment to consideration for New Vendor's undertaking to inject further capital into Jining Gangning			*(vi)*	(71,604)
Assignment of shareholder's loan from New Vendor to the Company				(11,529)
				77,423
Goodwill				76,745

(i) This pro forma adjustment reflects the completion of the acquisition of land use rights and buildings by Jining Gangning for the purpose of its paper product production facilities, for an aggregate cash consideration of RMB55,000,000 (equivalent to approximately HK$62,356,000) on 17 April 2009 pursuant to the Property Lease and Purchase Agreement. This consideration is payable by Jining Gangning on or before the expiry of a 18-month period from the date of the Assets Transfer Agreement.

(ii) The fair value of the plant and equipment of approximately RMB112,479,000 (equivalent to approximately HK$127,523,000) was determined based on the valuation report issued by LCH (Asia-Pacific) Surveyors Limited, an independent professional qualified valuer.

(iii) The fair values of the land use rights and the buildings of RMB17,040,000 (equivalent to approximately HK$19,319,000) and RMB38,260,000, (equivalent to approximately HK$43,377,000), respectively were determined based on the valuation report issued by LCH (Asia-Pacific) Surveyors Limited, an independent professional qualified valuer made.

(iv) Deferred tax has been calculated based on the PRC corporate income tax rate of 25% on the fair value adjustments.

(v) This pro forma adjustment reflects the acquisition of inventories of RMB18,000,000 (equivalent to approximately HK$20,408,000) pursuant to the Assets Transfer Agreement. The purchase price is payable by Jining Gangning on or before the expiry of a 18-month period from the date of the Assets Transfer Agreement.

(vi) On 21 March 2009, Jining Gangning has resolved to increase its registered capital from US$2,000,000 to US$10,000,000. Mega Bright is committed to contributing 51% of the increased registered capital of Jining Gangning, or US$4,080,000 (equivalent to HK$31,824,000). According to the Acquisition Agreement, the amount of the consideration for the Acquisition shall be deducted, if the New Vendor fails to fulfill its commitment to paying up the registered capital of Jining Gangning attributable to Mega Bright.

The New Vendor has undertaken to inject Mega Bright's proportionate share (i.e. 51%) of further capital into Jining Gangning such that Jining Gangning will further increase from US$10,000,000 to US$28,000,000. The amount of the New Vendor's undertaking in this regard is US$9,180,000 (equivalent to HK$71,604,000). According to the Acquisition Agreement, the amount of the consideration for the Acquisition shall be deducted if the New Vendor fails to inject further capital into Jining Gangning attributable to Mega Bright.

For illustrative purpose, the adjustments to the consideration as discussed above were first made to the Second Payment, then to the Promissory Notes and lastly to the Refundable Deposit, as follows:

	HK$'000
New Vendor's commitment to paying up Jining Gangning's registered capital	31,824
New Vendor's undertaking to inject further capital into Jining Gangning	71,604
	103,428
Adjustment to consideration:	
– deduction to Second Payment	56,000
– deduction to Promissory Notes	46,500
– Refundable Deposit to be returned to the Company	928
	103,428

The pro forma adjustment of HK$928,000 to the pro forma combined cash flow statement regarding the return of the Refundable Deposit by the New Vendor is expected not to have a continuing effect on the Enlarged Group.

On Completion, the fair value of the identifiable assets and liabilities of the Target Group will have to be reassessed as of the date of the Completion. As a result, the amount of goodwill may be different from the estimate stated above, which is presented for illustrative purpose only.

(8) This pro forma adjustment reflects the reclassification of accounts upon Completion, which is expected to have a continuing effect on the Enlarged Group.

(9) This pro forma adjustment reflects the depreciation of the buildings, plant and equipment acquired from the Target Group over their estimated useful lives of 20 and 10 years, respectively, and the reversal of the deferred tax on the fair value adjustments thereon, which will have a continuing effect on the Enlarged Group.

(10) This pro forma adjustment reflects the amortisation of the land use rights acquired from the Target Group over a term of 50 years and the reversal of the deferred tax on the fair value adjustment thereon, which will have a continuing effect on the Enlarged Group.

(11) This pro forma adjustment reflects the finance costs to be recognised after Completion in respect of an imputed interest expense of approximately HK$3,735,000 on the Convertible Bonds based on an effective interest rate of 11.64% per annum. The interest expense will have a continuing effect on the Enlarged Group.

4. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the text of the accountants' report received from GC Alliance Limited, the independent reporting accountants, for inclusion in this circular, in respect of the unaudited pro forma financial information of the Enlarged Group as set out in this circular.

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

14 May 2009

The Board of Directors of
Long Success International (Holdings) Limited

Dear Sirs,

We report on the unaudited pro forma financial information (the "Unaudited Pro Forma Financial Information") of the Group as enlarged upon completion of the Proposed Acquisition (as defined below) set out on pages 115 to 135 in Appendix IV to the circular dated 14 May 2009 (the "Circular") of Long Success International (Holdings) Limited (the "Company") (and together with its subsidiaries referred to as the "Group"), in connection with the proposed acquisition (the "Proposed Acquisition")by Long Success of the entire equity interest in Mega Bright Investment Development Limited. The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company, solely for illustrative purposes, to provide information about the impact of the Proposed Acquisition by illustrating how the Proposed Acquisition might have affected the operating results, cash flows and financial position of the Group. The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages 115 to 135 of the Circular.

Respective Responsibilities of Directors and Reporting Accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31(1) 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 ("HKICPA").

It is our responsibility to form an opinion, as required by paragraph 7.31(1) 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 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. 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 Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, 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:

a. the financial position of the Enlarged Group as of 30 September 2008 or any future date; or

b. the results and cash flows of the Enlarged Group for the year ended 31 March 2008 or any future periods.

Opinion

In our opinion:

a. the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

b. such basis is consistent with the accounting policies of the Group; and

c. the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Rules.

Yours faithfully,

GC ALLIANCE LIMITED
Certified Public Accountants
9th Floor, Allied Kajima Building
138 Gloucester Road
Wanchai
Hong Kong

Pang Fung Ming
Practising Certificate number P03124

The following is the summary valuation report on plant and machinery of the Joint Venture Company as at 30 April 2009 prepared by LCH (Asia-Pacific) Surveyors Limited for the purpose of inclusion in this circular.

利駿行測量師有限公司
LCH (Asia-Pacific) Surveyors Limited
PROPERTY VALUERS
PLANT AND MACHINERY VALUERS
BUSINESS & FINANCIAL SERVICES VALUERS

The readers are reminded that the report which follows has been prepared in accordance with the guidelines set by the International Valuation Standards, Eighth Edition, 2007 published by the International Valuation Standards Committee which entitles the valuer to make assumptions which may on further investigation, for instance by the readers' legal representative, prove to be inaccurate. Any exception is clearly stated below. Headings are inserted for convenient reference only and have no effect in limiting or extending the language of the paragraphs to which they refer. It is emphasised that the findings and conclusions presented below are based on the documents and facts known to the valuer at the date of this report. If additional documents and facts are made available, the valuer reserves the right to amend this report and its conclusions.

17th Floor
Champion Building
287-291 Des Voeux Road Central
Hong Kong

14 May 2009

The Directors
Long Success International (Holdings) Limited
26th Floor
EIB Centre
No. 40 Bonham Street
Sheung Wan
Hong Kong

Dear Sirs,

1. INSTRUCTIONS

With reference to the instructions given by the management of Long Success International (Holdings) Limited (hereinafter referred to as the "Company") to us to value certain designated plant and machinery ("Subject Plant and Machinery") presented to us as those held by Jining Gangning Paper Co., Ltd. ("Jining Gangning"), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for providing our opinion of their fair market value in continued use as at 30 April 2009 ("Relevant Valuation Date") for the Company's internal management reference purpose.

Subsequent to the instructions of the Company, we commenced with our valuation by conducting an on-site inspection of the Subject Plant and Machinery, held discussions with relevant personnel of Jining Gangning and made necessary research and enquiries to complete our valuation. Our findings and conclusions are documented in a detailed valuation report and submitted to the Company at today's date.

At the request of the management of the Company, we have prepared this summary report to summarise our findings and conclusion as documented in the detailed valuation report for inclusion in this circular for the Company's shareholders' reference. Terms used herein without definition shall have the same meanings as in the detailed valuation report, and the assumptions adopted in the report also apply to this summary report.

2. DESCRIPTION OF THE SUBJECT PLANT AND MACHINERY (SEE NOTE)

Jining Gangning is engaged in the manufacture and sale of various types of kraft paper. Its production facilities comprise 3-paper production lines (designated as Line Nos. 1, 2 and 3), a waste water treatment plant, various equipment for the supply of plant utilities, various laboratory and office equipment, various material handling equipment and other associated equipment.

The Subject Plant and Machinery valued comprise stock or pulp preparation sections designated as Line Nos. 1 and 2, the paper making section of Line No. 2, the stock and paper making sections of Line No. 3, the 10,000 tonnes per day capacity waste water treatment plant, the 35 kilovolt electricity transmission line and steam pipeline from the local power plant to the factory, various laboratory and office equipment, forklift and trucks, electrical distribution system, water distribution system, truck scales, and other related equipment.

On instructions of the Company, the paper making section of Line No. 1 has been excluded in this valuation as the Company intends to dismantle and replace this line in the near future.

The Subject Plant and Machinery are generally of Chinese design and manufacture, and based on the information gathered during our inspection and subsequent communications with the Company, details of the paper production lines are as follows:

Production Line No. (Relevant Valuation Date)	Production Line No. (Date of this Report)	Annual Production Capacity	Year of Operation	Specifications
Line No. 2	Line No. 1	30,000 tonnes	2004	3,100mm, 140-510gsm
Line No. 3	Line No. 2	80,000 tonnes	May 2008	2,800mm, 140-510gsm

"mm" is the maximum width of paper in millimetres and "gsm" is the paper density in grams per square meter.

Note: *Subsequent to our valuation. Line Nos 2 and 3 were re-designated as line Nos. 1 and 2, respectively. Line No. 1 was taken out as the line was not included in the acquisition and in this valuation.*

The Subject Plant and Machinery were inspected at Jumiao Village, Changguo Town, Rencheng District, Jining City, Shandong Province, the People's Republic of China ("China" or "PRC").

3. EXCLUSIONS

This valuation is limited to the Subject Plant and Machinery described above and was based on the assets list provided to us. Plant and machinery for the paper making section of Line No. 1 were also excluded as well as other types of assets like spare parts, supplies, all other tangible assets that are current in nature and intangible assets that might exist were excluded.

4. INSPECTION AND OBSERVATIONS

We conducted an on-site physical inspection of the Subject Plant and Machinery. Our on-site inspection was made to verify the existence and the general condition of the Subject Plant and Machinery. No tests to verify the mechanical performance or inspection of covered and inaccessible items were carried out.

During our inspection we observed the Subject Plant and Machinery while in operation and interviewed relevant personnel of Jining Gangning to understand their history, operation, utility and specifications.

At the time of our inspection, the paper making section of Line No. 2 was being modified and refurbished to increase line speed and production capacity. We were subsequently informed by the Company that all modification and refurbishment works were completed and the line was operational as of the Relevant Valuation Date.

Based on our inspection and discussions with relevant personnel of Jining Gangning, we are of the opinion that the Subject Plant and Machinery are in generally good condition and were being reasonably maintained.

5. BASIS OF VALUATION

We have valued the Subject Plant and Machinery on the basis of fair market value in continued use which is defined by the American Society of Appraisers (ASA) as:

> "the estimated amount in terms of money that may be reasonably expected for assets in exchange between a willing buyer and a willing seller with equity to both, neither being under any compulsion to sell or buy, both fully aware of all relevant facts and including installation, as of an appraisal date, and assuming that the earnings support the value reported."

Under the premise of continued use, the opinion of fair market value assumes operation of the Subject Plant and Machinery in its present location for continuation of the existing business.

This basis of value conforms to International Valuation Standards (IVS) for the purpose of this valuation.

This opinion of value is not related to or dependent upon the earning capacity of the business the subject equipment are in use. It assumes that prospective earnings would provide a reasonable return to the plant and machinery valued, plus the value of other assets not included in this valuation and adequate working capital.

6. VALUATION APPROACHES

There are three conventional and generally accepted approaches to estimate value: the market, income and cost approaches. Each of these approaches is based on certain financial principles including the principles of substitution and anticipation. The principle of substitution states that no buyer will pay more for an asset than the cost to replace it. The principle of anticipation states that value is predicated upon expected future benefits.

The ASA and IVS adopt the three internationally accepted valuation approaches and are discussed below:

The **market approach** considers prices recently paid for similar assets, with adjustments made to the indicated market prices to reflect condition and utility of the appraised assets relative to the market comparative.

The **income approach** is the present worth of the future economic benefits of ownership. This approach is generally applied to investment properties, general-use properties where there is an established and identifiable rental market or to an aggregation of assets in an entire business enterprise including working capital and tangible and intangible assets.

The **cost approach** *(also referred to as **depreciated replacement cost (DRC)** approach)* considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets including costs of transportation, installation, commissioning and consultants' fees. Adjustment is then made for accrued depreciation from physical deterioration, condition, utility, age and functional and economic/external obsolescence.

More than one approach is normally considered in order to value a particular asset or group of assets. Elements of one approach can be used in another approach. However, the relative strength, applicability, and significance of the approaches and their resulting values must be analysed and reconciled to a single estimate of value.

7. VALUATION ANALYSIS

In conducting our valuation, we considered the three valuation approaches and found that due to the absence of used market information in the PRC of similar large industrial plants, the unavailability of reference rental market data and the lack of separately identifiable cash flows of the core assets of Jining Gangning, the cost approach is the most reliable approach in valuing the Subject Plant and Machinery.

In conducting our valuation, we made an on-site inspection of the Subject Plant and Machinery, gathered relevant accounting and financial information, investigated market conditions and interviewed relevant factory personnel to establish the condition, usage, maintenance, operation and history of the Subject Plant and Machinery.

In using the cost approach, we estimated the gross current replacement cost of the Subject Plant and Machinery taking into consideration the basic equipment cost and other associated costs such as freight and handling, installation, design and engineering fees, and contractor's fees and overhead.

We arrived at our estimated basic equipment cost by referring to the historical costs provided to us, published Chinese equipment databases and from our internal database. Installation and other associated costs were estimated by using published process plant cost estimating standards adjusted to local labour productivity and material costs.

The gross current replacement cost developed above was depreciated by reference to generally accepted service lives of similar equipment and adjusted to reflect their existing physical condition based on our on-site inspection. Adjustment for functional and economic obsolescence was further considered to arrive at the depreciated replacement cost. The depreciated replacement cost was then taken as the fair market value in continued use of the Subject Plant and Machinery.

8. VALUATION COMMENTS

Our on-site inspection was made to verify the existence and the general condition of the Subject Plant and Machinery for valuation purpose and that no tests or structural inspection were conducted. We have assumed in our valuation that all required licenses or other administrative authority permits have been or can readily be obtained or renewed for any use on which the value estimates contained in this report are based.

We have not carried out an independent verification of the information provided due to the limited scope of our valuation. We have, however, no reason to doubt the accuracy of the information provided to us and we were not aware of any material facts that have been omitted from the information supplied.

We did not investigate any industrial safety, environmental and health related regulations in association with this particular manufacturing process. It is assumed that all-necessary license, procedures, and measures were implemented in accordance with government legislation and guidance.

This report has been made in conformity with the Principles of Appraisal Practice and Code of Ethics of the American Society of Appraisers, the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and International Valuation Standards of the International Valuation Standards Committee. The basis of value adopted is for the sole use of the named Company.

No deduction has been made in our valuation in respect of any outstanding amounts owed under any finance lease or hire purchase agreement. The assets have been valued as being wholly owned and free of all encumbrances. We have not investigated the titles to or any liabilities affecting the Subject Plant and Machinery.

As previously stated, this valuation is concerned solely with the value of the Subject Plant and Machinery and our opinion of value is not related to or dependent upon the earning capacity of the business.

We retain a copy of this report in our files, together with the data from which it was prepared. We consider these records confidential, and do not permit access to them by anyone without the client's authorisation and prior arrangement made with us. Moreover, we will add the name of the Company into our client list for our future reference.

Unless otherwise stated, all monetary units in this report are in Renminbi Yuan (Rmb).

9. OPINION OF VALUE

Based on the above, we are of the opinion that, as at the Relevant Valuation Date, the fair market value in continued use of the Subject Plant and Machinery is fairly represented by the amount of **RMB112,479,200 (RENMINBI YUAN ONE HUNDRED TWELVE MILLION FOUR HUNDRED SEVENTY NINE THOUSAND TWO HUNDRED**). This amount is broken down into:

Description		**Fair Market Value in Continued Use** *(Rmb)*
Production Machinery and Equipment		93,530,000
Plant Utilities		17,937,000
Laboratory, Office and Material Handling Equipment		1,012,200
	Total:	112,479,200

Yours sincerely,
For and on behalf of
LCH (Asia-Pacific) Surveyors Limited
Rolando R. Arcaya, *BSME, ASA*
Director

Note: Mr. Rolando R. Arcaya is a mechanical engineer and a senior accredited appraiser (ASA designation) of the American Society of Appraisers in Machinery and Technical Specialties/Machinery and Equipment. He has over 25 years plant and machinery valuation experience of which over 20 years were spent in Hong Kong and mainland China.

(A) PROPERTY INTERESTS OF THE GROUP

The following is the text of letter, summary of values and valuation certificate on property interests of the Group as at 30 April 2009 prepared by LCH (Asia-Pacific) Surveyors Limited for the purpose of inclusion in this circular.

利駿行測量師有限公司
LCH (Asia-Pacific) Surveyors Limited
PROPERTY VALUERS
PLANT AND MACHINERY VALUERS
BUSINESS & FINANCIAL SERVICES VALUERS

The readers are reminded that the report which follows has been prepared in accordance with the guidelines set by the International Valuation Standards, Eighth Edition, 2007 (the "IVS") published by the International Valuation Standards Committee as well as the HKIS Valuation Standards on Properties, First Edition, 2005 (the "HKIS Standards") published by the Hong Kong Institute of Surveyors (the "HKIS"). Both standards entitle the valuer to make assumptions which may on further investigation, for instance by the readers' legal representative, prove to be inaccurate. Any exception is clearly stated below. Headings are inserted for convenient reference only and have no effect in limiting or extending the language of the paragraphs to which they refer. If additional documents and facts are made available, the valuer reserves the right to amend this report and its conclusions.

17th Floor
Champion Building
287 – 291 Des Voeux Road Central
Hong Kong

14 May 2009

The Directors
Long Success International (Holdings) Limited
26th Floor
EIB Centre
No. 40 Bonham Strand
Sheung Wan
Hong Kong

Dear Sirs,

In accordance with your instructions to us to value the properties in which Long Success International (Holdings) Limited (hereinafter referred to as the "Company") and its subsidiaries (collectively, hereinafter together with the Company referred to as the "Group") have interests in Hong Kong, Macao and the People's Republic of China (hereinafter referred to as the "PRC" or "China"), we confirm that we have conducted physical inspections, made relevant enquiries and obtained such further information as we consider necessary to support our opinion of values of the properties as at 30 April 2009 (hereinafter referred to as the "Date of Valuation") for the Company's internal management reference purpose and to be incorporated into a Company's circular for its shareholders' reference.

We understand that the management of the Company will incorporate our work product (i.e. this letter, summary of values and the valuation certificate) as part of its business due diligence and we have not been engaged to make specific sale or purchase recommendations. We further understand that the use of our work product will not supplant other due diligence, which the management of the Company should conduct, in reaching its business decisions regarding the properties valued. Our work is designed solely to provide information that will give the management of the Company a reference to form part of its internal due diligence.

BASIS OF VALUATION AND ASSUMPTIONS

According to the IVS, which the HKIS Standards also follows, there are two valuation bases in valuing property, namely market value basis and valuation bases other than market value. Our valuations of the properties are on market value basis.

The term "Market Value" is defined as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

For valuing the properties which are rented by the Group in Hong Kong, Macao and in China, no commercial (market) values were assigned to the properties due mainly to the short-term nature of the tenancy agreements or prohibition against assignment or sub-letting or lack of substantial profit rents.

MATTERS THAT MIGHT AFFECT THE VALUES REPORTED

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions, and outgoings of an onerous nature which could affect their values.

As at the Latest Practicable Date of this circular, we were unable to identify any adverse news against the properties which may affect the reported values in this report. Thus, we are not in the position to report and comment on its impact (if any) to the properties. However, should it be established subsequently that such news did exist at the Date of Valuation, we reserve the right to adjust the values reported herein.

ESTABLISHMENT OF TITLES

We have been provided with copies of tenancy agreements but we have not been provided with title documents regarding the properties. We have conducted title searches of the properties in Group I in the Land Registry of Hong Kong. No title searches has been made to Group II property. We have not examined the original documents to verify the ownership and encumbrances, or to ascertain the existence of any lease amendments which may not appear on the copies handed to us. Due to inherent defects in the land registration system of China, we are unable to search the original documents from the relevant land registration departments to verify the existing titles of the properties or any material encumbrances that might be attached to the properties in Group III. As we are not legal professional and we are unable to ascertain the titles and to report any encumbrances (if any) that are registered against the properties. All documents disclosed (if any) are for reference only and no responsibility is assumed for any legal matters concerning the legal title and the rights (if any) to the properties. Any responsibility for our misinterpretation of the documents cannot be accepted.

INSPECTIONS AND INVESTIGATIONS OF THE PROPERTY IN ACCORDANCE WITH VS4 OF THE HKIS STANDARDS

We have inspected the exterior, and where possible, the interior of the properties in respect of which we have been provided with such information as we have requested for the purpose of our valuations. We have not inspected those parts of the properties which were covered, unexposed, not being arranged, excluded or inaccessible and such parts have been assumed to be in reasonable condition. We cannot express an opinion about or advice upon the condition of the properties and the attached valuation certificate should not be taken as making any implied representation or statement about the condition of the properties. No structural survey, investigation or examination has been made, but in the course of our inspections, we did not note any serious defects in the properties inspected. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. No tests were carried out to the services (if any) and we are unable to identify those services covered, unexposed or inaccessible.

We have not carried out on-site measurements to verify the correctness of the various areas of the properties, but have assumed that the areas shown on the documents and official plans handed to us are correct. All dimensions, measurements and areas are approximations.

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous materials have been used in the construction of the properties, or have since been incorporated into the properties, and we are therefore unable to report that the properties are free from risk in this respect. For the purpose of this valuation, we have assumed that such investigation would not disclose the presence of any such materials to any significant extent.

SOURCES OF INFORMATION AND ITS VERIFICATION IN ACCORDANCE WITH VS5 OF THE HKIS STANDARDS

We have relied solely on the information provided by the management of the Company or its appointed personnel and have accepted advice given to us on such matters as planning approvals or statutory notices, titles, easements, tenure, occupation, lettings, rental, site and floor areas and all other relevant matters.

The scope of valuation has been determined by reference to the property list provided by the management of the Company. All properties on the list have been included in the attached valuation certificate. The management of the Company has confirmed to us that the Group has no property interests other than those disclosed in the attached valuation certificate.

Information furnished by others, upon which all or portions of our work product are based, is believed to be reliable but has not been verified in all cases. Our procedures to value or work do not constitute an audit, review, or compilation of the information provided. Thus, no warranty is made nor liability assumed for the accuracy of any data, advice, opinions, or estimates identified as being furnished by others which have been used in formulating our work product.

When we adopted the work products from other professions, external data providers and/or the management of the Company in our valuations, the assumptions and caveats adopted by them in arriving at their opinions also applies in our valuations. The procedures we have taken do not require us to examine all the evidences, like an auditor, in reaching at our opinion. As we have not performed an audit, we are not expressing an audit opinion in our valuations.

We are unable to accept any responsibility for the information that has not been supplied to us by the management of the Company or its appointed personnel. Also, we have sought and received confirmation from the management of the Company or its appointed personnel that no materials factors have been omitted from the information supplied. Our analysis and valuations are based upon full disclosure between us and the Company of material and latent facts that may affect the valuations.

We have had no reason to doubt the truth and accuracy of the information provided to us by the management of the Company. We consider that we have been provided with sufficient information to reach an informed view, and have had no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary amounts are in Hong Kong dollars and that the conversion rates we adopted were HK$ 1 to 1.03 Macau Pataca ("MOP$") and HK$1 to 0.885 Renminbi Yuan ("RMB") as at the Date of Valuation.

LIMITING CONDITIONS

Our opinion of values of the properties in this report are valid only for the stated purpose and only for the Date of Valuation, and for the sole use of the named Company. We or our personnel shall not be required to give testimony or attendance in court or to any government agency by reason of this report, and the valuer accepts no responsibility whatsoever to any other person.

Our valuations have been made on the assumption that no unauthorised alteration, extension or addition has been made to the properties, and that the use of the attached valuation certificate should not be used as a building survey of the properties. If the management of the Company wants to satisfy them as to the condition of the properties, then the management of the Company should obtain a surveyor's detailed inspection and report of their own.

No responsibility is taken for changes in market conditions and local government policy and no obligation is assumed to revise the attached valuation certificate to reflect events or conditions, which occur or make known to us subsequent to the date hereof.

Neither the whole nor any part of this report or any reference made hereto may be included in any published documents, circular or statement, or published in any way, without our written approval of the form and context in which it may appear. Nonetheless, we consent to the publication of this report in this circular to the Company's shareholders' reference.

Our maximum liability relating to services rendered under this engagement (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the charges paid to us for the portion of its services or work products giving rise to liability. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.), even if it has been advised of their possible existence.

The Company is required to indemnify and hold us and our personnel harmless from any claims, liabilities, costs and expenses (including, without limitation, attorney's fees and the time of our personnel involved) brought against, paid or incurred by us at a time and in any way based on the information made available in connection with our work product except to the extent any such loses, expenses, damages or liabilities are ultimately determined to be the result of gross negligence of our engagement team in conducting its work. This provision shall survive even after the termination of this engagement for any reason.

STATEMENTS

Our report is prepared in line with the requirements contained in Chapter 8 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited as well as the guidelines contained in the HKIS Standards. The valuations have been undertaken by valuer, acting as external valuer, qualified for the purpose of the valuations.

We retain a copy of this report together with the data from which it was prepared, and these data and documents will, according to the Laws of Hong Kong, keep for a period of 6 years from the date of this report and to be destroyed thereafter. We considered these records confidential, and we do not permit access to them by anyone, with the exception for law enforcement authorities or court order, without the Company's authorisation and prior arrangement made with us. Moreover, we will add the Company's information into our client list for our future reference.

We hereby certify that the fee for this service is not contingent upon our conclusion of values and we have no significant interest in the properties, the Group or the values reported.

Our valuations are summarised below and the valuation certificate is attached below.

Yours faithfully,
For and on behalf of
LCH (Asia-Pacific) Surveyors Limited

Elsa Ng Hung Mui
B.Sc. M.Sc. RPS (GP)
Director

Contributing valuers:
Leslie Wong Tak Chiu *BSc*
Eugene Lai Chung Yee *ASc*

Note: Ms. Elsa Ng Hung Mui is a Registered Professional Surveyor who has been conducting valuation of real estate properties in Hong Kong since 1994 and has more than 10 years of experience in valuing properties in Macao and in mainland China. She is a valuer on the List of Property Valuers for Undertaking Valuation for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers published by the HKIS.

SUMMARY OF VALUES

Group I – Properties rented by the Group in Hong Kong and valued on market value basis

	Property	Amount of Valuations in its existing state attributable to the Group as at 30 April 2009 *HK$*
1.	The whole of 26th Floor, EIB Centre No. 40 Bonham Strand Sheung Wan Hong Kong	No Commercial Value
2.	Flat E on 28th Floor Splendid Place No. 39 Taikoo Shing Road, Quarry Bay Hong Kong	No Commercial Value
	Sub-total:	NIL

Group II – Property rented by the Group in Macao and valued on market value basis

	Property	Amount of Valuations in its existing state attributable to the Group as at 30 April 2009 *HK$*
3.	C-15 15º Andar Centro Financeiro Nos. 230-246 Rua De Pequim Macao	No Commercial Value
	Sub-total:	NIL

Group III – Properties rented by the Group in the PRC and valued on market value basis

	Property	Amount of Valuations in its existing state attributable to the Group as at 30 April 2009 *HK$*
4.	Unit 703 No. 5 Hudie Lan Jie Cannes Garden Daguan Lu Tianhe District Guangzhou City Guangdong Province The PRC	No Commercial Value
5.	Unit 15 on northern portion of Level 13A No. 89 Zhongshan Dadao Tianhe District Guangzhou City Guangdong Province The PRC	No Commercial Value
6.	Unit 1706 Middle Tower of Lidun Yangguang Building No 8-3 Huacheng Lu Tianhe District Guangzhou City Guangdong Province The PRC	No Commercial Value
	Sub-total:	NIL
	Grand Total:	**NIL**

VALUATION CERTIFICATE

Group I – Properties rented by the Group in Hong Kong and valued on market value basis

	Property	Description and occupancy	Amount of valuations in its existing state attributable to the Group as at 30 April 2009 *HK$*
1.	The whole of 26th Floor EIB Centre No. 40 Bonham Strand Sheung Wan Hong Kong	The property comprises the whole of the office space on the 26th Floor of a 27-storeyed office building which was completed in 1998. According to the information made available to us, the property has a gross floor area of approximately 321.16 sq.m (3,457 sq.ft.). The property is rented to Cherry Oasis (Far East) Limited for a term of 2 years commencing from 1st November 2008 to 31st October 2010 at a monthly rental of HK$78,128 exclusive of Government rent and rates, and management fee. The property is currently occupied by the Group for office purpose.	No Commercial Value

Notes:

1. According to a Tenancy Agreement dated 15th October 2008 and made between Might Foundate Development Limited and Cherry Oasis (Far East) Limited, the property was rented to Cherry Oasis (Far East) Limited.

2. The registered owner of the property is Might Foundate Development Limited which is, as advised by the management of the company, an independent third party.

	Property	Description and occupancy	Amount of valuations in its existing state attributable to the Group as at 30 April 2009 *HK$*
2.	Flat E on 28th Floor Splendid Place No. 39 Taikoo Shing Road Quarry Bay Hong Kong	The property comprises a residential unit on the 28th Floor of a 28-storeyed residential building which was completed in 2004. According to the information made available to us, the property has a gross floor area of approximately 72.83 sq.m. (784 sq.ft.). The property is rented to Cherry Oasis (Far East) Limited for a term of 2 years commencing from 11th December 2008 to 10th December 2010 at a monthly rental of HK$19,000 exclusive of Government rent and rates, and management fee. The property is currently occupied by the Group for staff quarters.	No Commercial Value

Notes:

1. According to a Tenancy Agreement dated 13th November 2008 and made between Famoustars Industrial Limited and Cherry Oasis (Far East) Limited, the property was rented to Cherry Oasis (Far East) Limited.

2. The registered owner of the property is Famoustars Industrial Limited which is, as advised by the management of the company, an independent third party.

Group II – Property rented by the Group in Macao and valued on market value basis

	Property	Description and occupancy	Amount of valuations in its existing state attributable to the Group as at 30 April 2009 *HK$*
3.	C-15 15º Andar Centro Financeiro Nos. 230-246 Rua De Pequim Macao	The property comprises an office unit on the 15th Floor of a 21-storeyed office building which was completed in 1994. According to the information made available to us, the property has a saleable area of approximately 93.86 sq.m. The property is rented to Cherry Oasis (Macau) Limited for a term of 2 years commencing from 7th June 2008 to 6th June 2010 at a monthly rental of HK$18,000 inclusive of management fee. The property is currently occupied by the Group for office purpose.	No Commercial Value

Notes:

1. According to a Tenancy Agreement dated 30th May 2008 and made between Leong Soi Leng and Cherry Oasis (Macau) Limited, the property was rented to Cherry Oasis (Macau) Limited.

2. The registered co-owners of the property are Xie Guanrong and Leong Soi Leng which are, as advised by the company, independent third parties.

Group III – Properties rented by the Group in the PRC and valued on market value basis

	Property	Description and occupancy	Amount of valuations in its existing state attributable to the Group as at 30 April 2009 *HK$*
4.	Unit 703 No. 5 Hudie Lan Jie Cannes Garden Daguan Lu Tianhe District Guangzhou City Guangdong Province The PRC	The property comprises a residential unit on Level 7 of a 14-storeyed residential building which was completed in 2005. According to the information made available to us, the property has a gross floor area of approximately 128.36 sq.m. The property is rented to CyberM (Guangzhou) Information Technology Limited for a term of 3 months commencing from 4th April 2009 to 4th July 2009 at a monthly rental of RMB2,900. The property is currently occupied by the Group for staff quarters.	No Commercial Value

Notes:

1. According to a Tenancy Agreement dated 9th April 2009 made between趙玲(translated as Zhao Ling) and美域（廣州）信息科技有限公司(translated as CyberM (Guangzhou) Information Technology Limited), the property was rented to CyberM (Guangzhou) Information Technology Limited.

2. The registered owner of the property is Zhao Ling which is, as advised by the management of the company, an independent third party.

	Property	Description and occupancy	Amount of valuations in its existing state attributable to the Group as at 30 April 2009 *HK$*
5.	Unit 15 on northern portion of Level 13A No. 89 Zhongshan Dadao Tianhe District Guangzhou City Guangdong Province The PRC	The property comprises an office unit on the northern portion of level 13A of a 15-storeyed office building which was completed in 1993. According to the information made available to us, the property has a gross floor area of approximately 44.17 sq.m. The property is rented to CyberM (Guangzhou) Information Technology Limited for a term of 2 years at a monthly rental of RMB2,164.33 commencing from 1st December 2008 to 30th November 2009 and RMB2,272.55 commencing from 1st December 2009 to 30th November 2010 exclusive of management fee and utility service fee. The property is currently occupied by the Group for office purpose.	No Commercial Value

Notes:

1. According to a Tenancy Agreement dated 2008 and made between廣州華庭物業發展有限公司(translated as Guangzhou Hua Ting Property Development Limited) and美域（廣州）信息科技有限公司(translated as CyberM (Guangzhou) Information Technology Limited), the property was rented to CyberM (Guangzhou) Information Technology Limited.

2. The registered owner of the property is Guangzhou Hua Ting Property Development Limited which is, as advised by the management of the company, an independent third party.

	Property	Description and occupancy	Amount of valuations in its existing state attributable to the Group as at 30 April 2009 *HK$*
6.	Unit 1706 Middle Tower of Lidun Yangguang Building No 8-3 Huacheng Lu Tianhe District Guangzhou City Guangdong Province The PRC	The property comprises an apartment unit on Level 17 of a 30-storeyed composite building which was completed in 2007. According to the information made available to us, the property has a gross floor area of approximately 46.92 sq.m. The property is rented to CyberM (Guangzhou) Information Technology Limited for a term commencing from 20th October 2008 to 14th October 2009 at a monthly rental of RMB2,500 exclusive of management fee. The property is currently occupied by the Group for staff quarters.	No Commercial Value

Notes:

1. According to a Tenancy Agreement dated 15th October 2008 and made between吳萬安(translated as Wu Wan An) and美域（廣州）信息科技有限公司(translated as CyberM (Guangzhou) Information Technology Limited), the property was rented to CyberM (Guangzhou) Information Technology Limited.

2. The registered owner of the property is Wu Wan An which is, as advised by the management of the company, an independent third party.

(B) PROPERTY INTERESTS OF THE TARGET GROUP

The following is a text of letter, summary of values and a valuation certificate as at 30 April 2009 and prepared by LCH (Asia-Pacific) Surveyors Limited for the purpose of inclusion in this circular.

利駿行測量師有限公司
LCH (Asia-Pacific) Surveyors Limited
PROPERTY VALUERS
PLANT AND MACHINERY VALUERS
BUSINESS & FINANCIAL SERVICES VALUERS

The readers are reminded that the report which follows has been prepared in accordance with the guidelines set by the International Valuation Standards, Eighth Edition, 2007 (the "IVS") published by the International Valuation Standards Committee as well as the HKIS Valuation Standards on Properties, First Edition, 2005 (the "HKIS Standards") published by the Hong Kong Institute of Surveyors (the "HKIS"). Both standards entitle the valuer to make assumptions which may on further investigation, for instance by the readers' legal representative, prove to be inaccurate. Any exception is clearly stated below. Headings are inserted for convenient reference only and have no effect in limiting or extending the language of the paragraphs to which they refer. If additional documents and facts are made available, the valuer reserves the right to amend this report and its conclusions.

17th Floor
Champion Building
287 – 291 Des Voeux Road Central
Hong Kong

14 May 2009

The Directors
Long Success International (Holdings) Limited
26th Floor
EIB Centre
No. 40 Bonham Strand
Sheung Wan
Hong Kong

Dear Sirs,

In accordance with your instructions to us to value the properties in which Long Success International (Holdings) Limited (hereinafter referred to as the "Company") and its subsidiaries (collectively, hereinafter together with the Company referred to as the "Group") have intention to acquire in the People's Republic of China (hereinafter referred to as the "PRC" or "China"), we confirm that we have conducted physical inspections, made relevant enquiries and obtained such further information as we consider necessary to support our opinion of value of the properties as at 30 April 2009 (hereinafter referred to as the "Date of Valuation") for the Company's internal management reference purpose and to be incorporated into a Company's circular for its shareholders' reference. We understand that the properties to be acquired by the Group is currently held by 濟寧港寧紙業有限公司 (translated as Jining Gangning Paper Co., Ltd.) and (hereinafter referred to as the "Acquisition Target Company" or "Jining Gangning") and its subsidiaries (collectively, hereinafter together with the Acquisition Target Company referred to as the "Target Group").

We understand that the management of the Company will incorporate our work product (i.e. this letter, summary of values and the valuation certificate) as part of its business due diligence and we have not been engaged to make specific sale or purchase recommendations. We further understand that the use of our work product will not supplant other due diligence, which the management of the Company should conduct, in reaching its business decisions regarding the properties valued. Our work is designed solely to provide information that will give the management of the Company a reference to form part of its internal due diligence.

BASIS OF VALUATION AND ASSUMPTIONS

According to the IVS, which the HKIS Standards also follows, there are two valuation bases in valuing property, namely market value basis and valuation bases other than market value. Our valuations of the properties are on market value basis.

The term "Market Value" is defined as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

In valuing the property Group I, we have adopted the Depreciated Replacement Cost (the DRC) Method which is an application of the Cost Approach. The DRC Method is a procedural value based on an estimate of the Market Value for the existing use of the land, plus the current gross replacement (reproduction) costs of the improvements erected thereon, less allowance for physical deterioration and all relevant forms of obsolescence and optimisation.

For owner occupied specialised properties where it is impracticable to identify the Market Value by sales comparison approach, the DRC Method is considered as the most appropriate method. The underlying theory of this method is the Market Value of the valued properties should, at least, be equivalent to the replacement cost of the remaining service potential of the valued properties i.e. the DRC of the valued properties. In our opinion, the DRC generally furnishes the most reliable indication of value for property where it is not practicable to ascertain its value on market basis.

Specialised properties are certain types of properties which are rarely, if ever, sold in the open market, except by way of a sale of the business of which they are a part (called the business in occupation), due to their uniqueness arising from their specialised nature and design of the buildings, their configuration, size, location or otherwise. Examples are: standard properties located in particular geographical areas and remote from main business centres for operational or business reasons, that are of such an abnormal size for that district, that there would be no market for such buildings there; buildings and site engineering works related directly to the business of the owner, as it is highly unlikely that they would have a value to anyone other than a company acquiring the undertaking; and properties of such construction, arrangement, size or specification that there would be no market (for a sale to a single owner occupier for the continuation of existing use) for those buildings. Having considered the inherent and general characteristics of the property, we are of the opinion that the property is specialised property.

As the property being valued is classified as specialised property for private sector, our valuation of the property is on the basis of the DRC of the property and being subject to the adequate potential profitability of the business having due regard to the value of the total assets employed and the nature of the operation.

By using the DRC Method, the land should be assumed to having obtained planning permission for the replacement of the existing buildings and it is always necessary when valuing the land, to have regard to the manner in which the land is developed by the existing buildings and site works, and the extent to which these realise the full potential value of the land. When considering a notional replacement site, it should normally be regarded as having the same physical and location characteristics as the actual site, other than characteristics of the actual site which are not relevant, or are of no value, to the existing use. In considering the buildings, it further stipulates that the gross replacement cost of the buildings should take into consideration everything which is necessary to complete the construction from a new green field site to provide buildings as they are at the Date of Valuation which are fit for and capable of being occupied and used for the current use. These estimated costs are not for erecting buildings in the future but for providing buildings to be available for occupation at the Date of Valuation, the work having commenced at the appropriate time.

In valuing the property, we have assumed that the legally interested party in the property (i.e. the Target Group as defined in this report) has free and uninterrupted rights to use the property interests for the whole of the unexpired terms as granted and has the rights to freely assign, let or mortgage the property. We have also assumed that any premiums payable have already been paid in full. Our valuations has been made on the assumption that the owner sells the property on the open market in its existing states without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which would serve to increase the value of the property.

The property in Group II is rented by Jining Gangning Paper Co, Ltd. in the PRC and have no commercial values due mainly to the short-term nature of the tenancy agreements or prohibition against assignment or sub-letting or lack of substantial profit rents.

Unless otherwise stated, we have not carried out a valuation on a redevelopment basis and the study of possible alternative development options and the related economics do not come within the scope of our work.

MATTERS THAT MIGHT AFFECT THE VALUE REPORTED

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions, and outgoings of an onerous nature which could affect its value.

As at the Latest Practicable Date of this circular, we were unable to identify any adverse news against the properties which may affect the reported value in this report. Thus, we are not in the position to report and comment on its impact (if any) to the properties. However, should it be established subsequently that such news did exist at the Date of Valuation, we reserve the right to adjust the value reported herein.

ESTABLISHMENT OF TITLES

In the course of valuation, we have been provided with copies of the title documents regarding the properties. Due to inherent defects in the land registration system of China, we are unable to inspect the original documents from the relevant land registration departments to verify the existing titles of the property or any material encumbrances that might be attached to the properties. We are not attorney by nature, thus we are unable to ascertain the titles and to report any encumbrances (if any) that are registered against the properties. However, we have relied solely on the copy of the PRC legal opinion dated 11 May 2009 as provided by the management of the Company with regard to the Target Group's titles on the properties as disclosed in the attached valuation certificate. We were given to understand that the PRC legal opinion was prepared by the Company's PRC legal adviser, Shu Jin Law Firm (信達律師事務所) a qualified legal advisor in China. No responsibility or liability is assumed in relation to this opinion.

INSPECTIONS AND INVESTIGATIONS OF THE PROPERTY IN ACCORDANCE WITH VS4 OF THE HKIS STANDARDS

We have inspected the exterior, and where possible, the interior of the properties in respect of which we have been provided with such information as we have requested for the purpose of our valuations. We have not inspected those parts of the properties which were covered, unexposed, not being arranged, excluded or inaccessible and such parts have been assumed to be in reasonable condition. We cannot express an opinion about or advice upon the condition of the properties and the attached valuation certificate should not be taken as making any implied representation or statement about the condition of the properties. No structural survey, investigation or examination has been made, but in the course of our inspections, we did not note any serious defects in the properties inspected. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. No tests were carried out to the services (if any) and we are unable to identify those services covered, unexposed or inaccessible.

We have not carried out on-site measurements to verify the correctness of the various areas of the properties, but have assumed that the areas shown on the documents and official plans handed to us are correct. All dimensions, measurements and areas are approximations.

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous materials have been used in the construction of the properties, or have since been incorporated into the properties, and we are therefore unable to report that the properties are free from risk in this respect. For the purpose of this valuation, we have assumed that such investigation would not disclose the presence of any such materials to any significant extent.

Our engagement did not include a land survey to verify the legal boundaries and the exact location of the properties. We need to state that we are not in the land survey profession, therefore, we are not in the position to verify or ascertain the correctness of the representation of the Group's or Target Group's personnel with regard to the legal boundaries and location of the properties. No responsibility is assumed in this regard.

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the properties and which may draw attention to any contamination or the possibility of any such contamination. In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative uses have ever been carried out in the properties. We have not carried out any investigation into past or present uses, either of the properties or of any neighbouring land, to establish whether there is any contamination or potential for contamination to the properties from these uses or sites, and have therefore assumed that none exists. However, should it be established subsequently that contamination, seepage or pollution exists at the properties or on any neighbouring land, or that the premises have been or are being put to a contaminative use, this might reduce the value now reported.

SOURCES OF INFORMATION AND ITS VERIFICATION IN ACCORDANCE WITH VS5 OF THE HKIS STANDARDS

We have relied solely on the information provided by the management of the Company or its appointed personnel and have accepted advice given to us on such matters as planning approvals or statutory notices, titles, easements, tenure, occupation, site and floor areas and all other relevant matters.

The scope of valuation has been determined by reference to the property list provided by the management of the Company. The properties on the list have been included in the attached valuation certificate. The management of the Company has confirmed to us that the Target Group has no property interests other than the disclosed in the attached valuation certificate.

Information furnished by others, upon which all or portions of our work product are based, is believed to be reliable but has not been verified in all cases. Our procedures to value or work do not constitute an audit, review, or compilation of the information provided. Thus, no warranty is made nor liability assumed for the accuracy of any data, advice, opinions, or estimates identified as being furnished by others which have been used in formulating our work product.

When we adopted the work products from other professions, external data providers and/or the management of the Company in our valuations, the assumptions and caveats adopted by them in arriving at their opinions also applies in our valuations. The procedures we have taken do not require us to examine all the evidences, like an auditor, in reaching at our opinion. As we have not performed an audit, we are not expressing an audit opinion in our valuations.

We are unable to accept any responsibility for the information that has not been supplied to us by the management of the Company or its appointed personnel. Also, we have sought and received confirmation from the management of the Company or its appointed personnel that no materials factors have been omitted from the information supplied. Our analysis and valuations are based upon full disclosure between us and the Company of material and latent facts that may affect the valuations.

We have had no reason to doubt the truth and accuracy of the information provided to us by the management of the Company. We consider that we have been provided with sufficient information to reach an informed view, and have had no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary amounts are in Renminbi Yuan ("RMB").

LIMITING CONDITIONS

Our opinion of values of the properties in this report is valid only for the stated purpose and only for the Date of Valuation, and for the sole use of the named Company. We or our personnel shall not be required to give testimony or attendance in court or to any government agency by reason of this report, and the valuer accepts no responsibility whatsoever to any other person.

Our valuations have been made on the assumption that no unauthorised alteration, extension or addition has been made to the properties, and that the use of the attached valuation certificate should not be used as a building survey of the properties. If the management of the Company wants to satisfy them as to the condition of the properties, then the management of the Company should obtain a surveyor's detailed inspection and report of their own.

No responsibility is taken for changes in market conditions and local government policy and no obligation is assumed to revise the attached valuation certificate to reflect events or conditions, which occur or make known to us subsequent to the date hereof.

Neither the whole nor any part of this report or any reference made hereto may be included in any published documents, circular or statement, or published in any way, without our written approval of the form and context in which it may appear. Nonetheless, we consent to the publication of this report in this circular to the Company's shareholders' reference.

Our maximum liability relating to services rendered under this engagement (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the charges paid to us for the portion of its services or work products giving rise to liability. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.), even if it has been advised of their possible existence.

The Company is required to indemnify and hold us and our personnel harmless from any claims, liabilities, costs and expenses (including, without limitation, attorney's fees and the time of our personnel involved) brought against, paid or incurred by us at a time and in any way based on the information made available in connection with our work product except to the extent any such loses, expenses, damages or liabilities are ultimately determined to be the result of gross negligence of our engagement team in conducting its work. This provision shall survive even after the termination of this engagement for any reason.

STATEMENTS

Our report is prepared in line with the requirements contained in Chapter 8 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited as well as the guidelines contained in the HKIS Standards. The valuations has been undertaken by valuer, acting as external valuer, qualified for the purpose of the valuations.

We retain a copy of this report together with the data from which it was prepared, and these data and documents will, according to the Laws of Hong Kong, keep for a period of 6 years from the date of this report and to be destroyed thereafter. We considered these records confidential, and we do not permit access to them by anyone, with the exception for law enforcement authorities or court order, without the Company's authorisation and prior arrangement made with us. Moreover, we will add the Company's information into our client list for our future reference.

We hereby certify that the fee for this service is not contingent upon our conclusion of value and we have no significant interest in the properties, the Group, the Target Group or the value reported.

Our valuations are summarised below and the valuation certificate is attached below.

Yours faithfully,
For and on behalf of
LCH (Asia-Pacific) Surveyors Limited

Elsa Ng Hung Mui
B.Sc. M.Sc. RPS (GP)
Director

Contributing valuer:
Leslie Wong Tak Chiu *BSc*

Note: Ms. Elsa Ng Hung Mui is a Registered Professional Surveyor who has been conducting valuation of real estate properties in Hong Kong since 1994 and has more than 10 years of experience in valuing properties in Macao and mainland China. She is a valuer on the List of Property Valuers for Undertaking Valuation for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers published by the HKIS.

SUMMARY OF VALUES

Group I – Property held and occupied by the Target Group under long term title certificate in the PRC and valued on market value basis

	Property		Amount of valuation in existing state attributable to the Target Group as at 30 April 2009 *RMB*
1.	A factory complex located at Jumiao Village Changgou Town, Rencheng District, Jining City Shandong Province, the People's Republic of China		55,300,000
		Sub Total:	55,300,000

Group II – Property rented by the Target Group under operating lease in the PRC and valued on market value basis

	Property		Amount of valuation in existing state attributable to the Target Group as at 30 April 2009 *RMB*
2.	A parcel of land and a water treatment pool erected thereon located at Jumiao Village, Changgou Town Rencheng District, Jining City, Shandong Province, the People's Republic of China		No Commercial Value
		Sub Total:	Nil
		Grand Total:	**55,300,000**

VALUATION CERTIFICATE

Group I – Property held and occupied by the Target Group under long-term title certificate in the PRC and valued on market value basis

Property	Description and tenure	Particulars of occupancy	Amount of valuation in existing state attributable to the Target Group as at 30 April 2009 *RMB*
1. A factory complex located at Jumiao Village Changgou Town Rencheng District Jining City Shandong Province The People's Republic of China	The property comprises two parcel of adjoining land having a total site area of approximately 82,667 sq.m. with 31 various major buildings and structures erected thereon. The major buildings and structures including workshop, office, staff quarters, warehouses and other supporting facilities are of single to 3-storeys in height and having a total gross floor area of approximately 23,232.38 sq.m. The buildings and structures were completed in between 1996 and 2007. The property is subject to a right to use the land till 2 April 2059 and March 2046 for industrial purpose. (See Note 1 below)	As inspected by us and confirmed by the management of the Company, the subject property is held for owner occupation. The property is currently occupied by the Target Group for manufacture, storage, ancillary office, staff quarters and other supporting purposes.	55,300,000 100% interest

Notes:

1. The right to possess the land is held by the State and the right to use the land have been granted by the State or granted by the State and transferred to濟寧港寧紙業有限公司 (translated as Jining Gangning Paper Co., Ltd. and hereinafter referred to as "Jining Gangning") through the following ways, they are:

   (i) According to a Property Lease and Purchase Agreement dated 16 January 2009, Jining Gangning Paper Co, Ltd. purchased the property at a total consideration of RMB55,000,000.

(ii) A parcel of land having a site area of approximately 46,334 sq.m.

According to a State-owned Land Use Rights Certificate known as Ji Ren Guo Yong (2009) Di 081101090021 Hao issued by the People's Government of Jining City and dated 20 March 2009, the legally interested party in the land having a site area of approximately 46,334 sq.m. is Jining Gangning for a term till March 2046 for industrial purpose.

(iii) A parcel of land having a site area of approximately 36,333 sq.m.

According to a State-owned Land Use Rights Certificate known as Ji Ren Guo Yong (2009) Di 081101090025 Hao issued by the People's Government of Jining City and dated 3 April 2009, the legally interested party in the land having a site area of approximately 36,333 sq.m. is Jining Gangning for a term till 2 April 2059 for industrial purpose.

2. According to 7 various Building Ownership Certificates issued by the Building Administration Bureau of Jining City and all dated 17 April 2009, the legally interested party in 31 various buildings and structures having a total gross floor area of approximately 23,232.38 sq.m. is Jining Gangning.

3. According to the legal opinion prepared by the Company's PRC legal adviser, Shu Jin Law Firm (信達律師事務所), the following opinions are noted:

(i) Jining Gangning is owned as to 51% by Mega Bright Investment Development Limited and 49% by 濟寧昊源紙業有限公司 (translated as "Jining Haoyuan Paper Co, Ltd."). The profit ratio among them is 51% and 49%, respectively;

(ii) Jining Gangning has obtained all necessary licenses to operate in the location where the property is situated;

(iii) Jining Gangning is the only legally interested party in the property;

(iv) The property is free of all encumbrance; and

(v) Jining Gangning has the rights to use, assign, lease or mortgage the property for the remaining terms.

Group II – Property rented by the Target Group under operating lease in the PRC and valued on market value basis

Property	Description and occupancy	Amount of valuation in existing state attributable to the Target Group as at 30 April 2009 *RMB*
2. A parcel of land and a water treatment pool erected thereon located at Jumiao Village Changgou Town Rencheng District Jining City Shandong Province The People's Republic of China	The property comprises a parcel of land having a site area of approximately 12,093 sq.m. A water treatment pool having a gross floor area of approximately 8,155.25 sq.m. is erected thereon. It was completed in 2007. The property is leased to the Target Group for a term of 10 years commencing from 1 May 2004 and expiring on 30 April 2014 at a annual rental of RMB22,000. *(See Note below)* The property is currently occupied by the Target Group for water treatment and other supporting purposes.	No Commercial Value

Note: Pursuant to an agreement dated 15 February 2009 and made between 濟寧市任城區財源魚種廠 (translated as "Jining City Rencheng District Caiyuan Fingerling Factory") and Jining Gangning Paper Co., Ltd., a parcel of land having a site area of approximately 12,093 sq.m. has been leased to Jining Gangning Paper Co., Ltd for a term of 10 years commencing from 1 May 2004 and expiring on 30 April 2014 at a annual rental of RMB22,000.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes 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:

(i) the information contained in this circular is accurate and complete in all material respects and not misleading;

(ii) there are no other matters the omission of which would make any statement in this circular misleading; and

(iii) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on the bases and assumptions that are fair and reasonable.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date were; and following Completion (assuming the conversion rights of the Convertible Bonds are exercised in full) will be as follows:

Authorised:		*HK$*
10,000,000,000	Shares of HK$0.01 each	100,000,000
Issued and fully paid or credited as fully paid:		*HK$*
3,031,982,028	Shares of HK$0.01 each as at the Latest Practicable Date	30,319,820.28
333,333,333	Conversion Shares to be issued upon exercise in full of the conversion rights of the Convertible Bonds	3,333,333.33
3,365,315,361	Shares in issue after the Completion assuming the conversion rights of the Convertible Bonds are exercised in full	33,653,153.61

All the Shares in issue and the Conversion Shares to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds will rank pari passu in all respects with each other including as regards to dividends, voting and return of capital.

Dealings in securities of the Company may be settled through the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited. Investors should seek the advice of their stockbroker or other professional adviser for details of these settlement arrangements and how such arrangements will affect their rights and interests.

Save as disclosed herein, 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.

Save as disclosed, 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.

Share Option Scheme

The Share Option Scheme was approved and adopted by the Shareholders on 21 August 2006. Under the Share Option Scheme, the Directors 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 have contributed to the Group from time to time, to subscribe for Shares. The total number of Shares in respect of which Options may be granted under the Share Option Scheme is not permitted to exceed 10% of the Shares in issue as at the date of the passing of the shareholders' resolution approving the Share Option Scheme or approving refreshment of the scheme limit thereof, without prior approval from the Shareholders. The number of Shares in respect of which Options may be granted to any individual is not permitted to exceed 1% of the issued share capital of the Company for the time being, without prior approval from the Shareholders.

As at the Latest Practicable Date, certain Directors and employees of the Company held Options granted to them under the Share Option Scheme entitling them to subscribe for the Shares, details of which are set out below:

Grantee	Date of grant	Exercise period	Exercise price per share	Outstanding as at the Latest Practicable Date
Directors				
Ng Kwok Chau Winfield	20 February 2008	20 February 2008 to 19 February 2018	HK$0.061	1,000,000
	2 May 2008	2 May 2008 to 1 May 2018	HK$0.049	1,000,000
Ng Chau Tung Robert	20 February 2008	20 February 2008 to 19 February 2018	HK$0.061	1,000,000
	2 May 2008	2 May 2008 to 1 May 2018	HK$0.049	1,000,000

Grantee	Date of grant	Exercise period	Exercise price per share	Outstanding as at the Latest Practicable Date
Wong Kam Leong	9 May 2008	9 May 2008 to 8 May 2018	HK$0.048	27,000,000
Li Jie Yi	9 May 2008	9 May 2008 to 8 May 2018	HK$0.048	27,000,000
Cheng Tze Kit Larry	7 July 2008	7 July 2008 to 6 July 2018	HK$0.036	4,800,000
Employees	20 February 2008	20 February 2008 to 19 February 2018	HK$0.061	14,000,000
	22 February 2008	22 February 2008 to 21 February 2018	HK$0.062	2,000,000
	2 May 2008	2 May 2008 to 1 May 2018	HK$0.049	18,000,000
	9 May 2008	9 May 2008 to 8 May 2018	HK$0.048	50,000,000
Other Eligible Persons	9 May 2008	9 May 2008 to 8 May 2018	HK$0.048	100,000,000
	17 September 2008	17 September 2008 to 16 September 2018	HK$0.0506	106,000,000
	31 December 2008	31 December 2008 to 30 December 2018	HK$0.035	26,000,000
Total				**378,800,000**

3. DISCLOSURE OF DIRECTORS' INTERESTS

(i) Directors' Interests

As at the Latest Practicable Date, the interests of the Directors and the chief executive of the Company in the Shares or underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein or were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange were as follows:

(a) Directors' interests in the Shares:

Name of directors	Type of interest	Number of ordinary shares in the Company	Percentage of shareholdings
Wong Kam Leong	Corporate interest *(Note 1)*	852,500,000	28.12%
Yip Wai Ki	Beneficial interest	10,000,000	0.35%

Note:

1. As at the Latest Practicable Date, Wide Fine International Limited ("Wide Fine") is the beneficial owner of 852,500,000 Shares. Mr. Wong Kam Leong is the sole beneficial owner of Wide Fine and is deemed to be interested in the Shares held by Wide Fine.

The interests of the Directors or chief executive of the Company, and their respective associates, in the underlying Shares which may be issued pursuant to exercise of the Options granted to the Directors by the Company are set out in the paragraph headed "Directors' interests in share options of the Company" below.

(b) Directors' interests in share options of the Company

As at the Latest Practicable Date, the interests of the Directors or chief executive of the Company, and their respective associates, in the underlying Shares which may be issued pursuant to exercise of the Options are as follows:

Directors	Date of grant	Exercise period	Exercise price per share	Outstanding as at the Latest Practicable Date
Ng Kwok Chau Winfield	20 February 2008	20 February 2008 to 19 February 2018	HK$0.061	1,000,000
	2 May 2008	2 May 2008 to 1 May 2018	HK$0.049	1,000,000
Ng Chau Tung Robert	20 February 2008	20 February 2008 to 19 February 2018	HK$0.061	1,000,000
	2 May 2008	2 May 2008 to 1 May 2018	HK$0.049	1,000,000
Wong Kam Keong	9 May 2008	9 May 2008 to 8 May 2018	HK$0.048	27,000,000
Li Jie Yi	9 May 2008	9 May 2008 to 8 May 2018	HK$0.048	27,000,000
Cheng Tze Kit Larry	7 July 2008	7 July 2008 to 6 July 2018	HK$0.036	4,800,000
				62,800,000

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which he was 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 relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange.

(c) Service contracts

None of the Directors had any existing or proposed service contracts with any member of the Group or any associated company of the Company as at the Latest Practicable Date.

(d) Competing interest

As at the Latest Practicable Date, in so far as the Directors are aware, none of the Directors or management shareholders (as defined in the GEM Listing Rules) or substantial shareholder or any of their respective associates had any interest in a business which competes or is likely to compete with the business of the Group.

(ii) Substantial Shareholders' Interests

So far as is known to the Directors, as at the Latest Practicable Date, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and Section 336 of the SFO, or, who were or were expected, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name of substantial Shareholder	Number of ordinary shares of the Company held	Percentage of issued share capital of the Company
Wide Fine International Limited *(Note)*	852,500,000	28.12%

Note: As at the Latest Practicable Date, Wide Fine is the beneficial owner of 852,500,000 Shares. Mr. Wong Kam Leong is the sole beneficial owner of Wide Fine and is deemed to be interested in Shares held by Wide Fine.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO or, was, directly or indirectly, interested in 10% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group.

4. LITIGATION

The Enlarged Group had the following material outstanding litigations at the Latest Practicable Date:

i. a District Court action was commenced by a customer against a subsidiary of the Group in respect of claims for damages of HK$784,320 and a return of service price of HK$10,080 paid by the customer, and interests thereon, by reason of that subsidiary's repudiatory breach of a certain computer software implementation and maintenance contract and total failure of consideration and/or money had and received. On 3 December 2008, the subsidiary of the Group filed a defence and counterclaim for services provided of HK$76,000 and interest thereon.

ii. a small claims tribunal action was commenced by a customer against a subsidiary of the Group in respect of a claim for refund of HK$30,000 and costs under a certain service agreement.

No settlement has been reached for the above actions mentioned in (i) and (ii) above up to the Latest Practicable Date and no judgment has yet been made against the above-mentioned subsidiary of the Enlarged Group in respect of these claims. As of the Latest Practicable Date, it is not possible to estimate the eventual outcome of these claims with reasonable certainty at the current stage. The Directors are of the opinion that the above-mentioned subsidiary of the Enlarged Group has valid defence and consider the claims mentioned in (i) and (ii) above would not have material adverse impact to the financial position of the Enlarged Group.

Save as disclosed herein, neither the Company nor any other members of the Enlarged Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Enlarged Group as at the Latest Practicable Date.

5. DIRECTORS' INTEREST IN ASSETS, CONTRACT OR ARRANGEMENT

Save and except for the acquisition of 5,500,000 ordinary shares of HK$1.00 each of Success Finance Limited, representing 10% of the issued share capital of Success Finance Limited, pursuant to the sale and purchase agreement dated 6 March 2009 entered into between Cherry Oasis (Far East) Limited, a direct wholly-owned subsidiary of the Company, and Mr. Cheung Tze Lin Aston and Mr. Wong Wai Man Raymond, both are directors of Success Finance Limited, none of the Directors had any direct or indirect interest in any assets which have been, since 31 March 2008 (being the date to which the latest published audited consolidated financial statements of the Group were made up) and up to the Latest Practicable Date, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group. As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group and subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

6. EXPERTS AND CONSENTS

The followings are the qualifications of the experts who have given opinion and advice, which is contained in this circular:

Name	Qualifications
GC Alliance Limited	Certified Public Accountants
Shu Jin Law Firm	Legal advisors to the PRC Laws
LCH (Asia-Pacific) Surveyors Limited	Professional Valuers

GC Alliance Limited, Shu Jin Law Firm and LCH (Asia-Pacific) Surveyors Limited have given and have not withdrawn their written consent to the issue of this circular with the inclusions of their respective letters and references to their names in the form and context in which they appear.

7. EXPERT'S INTEREST IN ASSETS

As at the Latest Practicable Date, GC Alliance Limited, Shu Jin Law Firm and LCH (Asia-Pacific) Surveyors Limited:

(a) were not interested, directly or indirectly, in any assets which have been acquired or disposed of by or leased to an member of the Enlarged Group or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group since 31 March 2008, being the date to which the latest published audited accounts of the Company were made up; and

(b) did not have any shareholding interest in any member of the Enlarged Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group.

8. MATERIAL CONTRACTS

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

(a) the Confirmation Letter;

(b) the Supplemental Agreement;

(c) the Acquisition Agreement;

(d) the Assets Transfer Agreement as supplemented by a supplemental agreement entered into between the same parties on 14 April 2009 in relation to the extension of deadline for making payment of the consideration of RMB128,000,000 regarding the acquisition of assets (including inventory, machinery and equipments) to 18 months upon signing of the Assets Transfer Agreement (i.e. 16 July 2010) and the vendor under the Assets Transfer Agreement should be legally deregistered within 18 months upon the completion of the assets acquisition;

(e) the Property Lease and Purchase Agreement as supplemented by a supplemental agreement entered into between the same parties on 14 April 2009 in relation to the extension of deadline for making payment of the consideration of RMB55,000,000 regarding the acquisition of assets (including land use right and buildings) to 18 months upon signing of the Assets Transfer Agreement (i.e. 16 July 2010);

(f) the sale and purchase agreement entered into between Cherry Oasis (Far East) Limited, a direct wholly-owned subsidiary of the Company, and Mr. Cheung Tze Lin Aston and Mr. Wong Wai Man Raymond on 6 March 2009 in relation to the purchase of 5,500,000 ordinary shares of HK$1.00 each of Success Finance Limited, representing 10% of the issued share capital of Success Finance Limited, at HK$5,500,000;

(g) the Joint Venture Agreement;

(h) the Amendment Agreement relating to, among other things, the increase of the registered capital and the total investment of the Joint Venture Company, from USD2 million and USD2.8 million respectively, to USD10 million and USD25 million, to be undertaken by the shareholders of the Joint Venture Company on a pro-rata basis according to their respective shareholding interests; the increase of registered capital to be completed within 2 years after the issuance of the enterprise licence of the Joint Venture Company;

(i) the sale and purchase agreement entered into between the Company and Styland Holdings Limited ("**Styland**") on 28 March 2008 as supplemented by a supplemental agreement entered into between the same parties on 3 April 2008 in relation to the purchase of a total of 2 shares of HK$1.00 each in the issued share capital of City Faith Investments Limited ("**City Faith**") and the shareholder's loans advanced by Styland and/ or its group company to City Faith and remaining outstanding from City Faith to Styland at an aggregate consideration of HK$24,700,000;

(j) the subscription agreement entered into between Cherry Oasis (Far East) Limited, a directly wholly-owned subsidiary of the Company, and Mr. Cheung Tze Lin Aston and Mr. Wong Wai Man Raymond on 29 October 2007, to subscribe for 90% shareholding interest of Success Finance Limited at a consideration of HK$49,500,000;

(k) the underwriting agreement entered into between the Company, Sun Hung Kai International Limited and Guotai Junan Securities (Hong Kong) Limited on 23 October 2007 in relation to the underwriting of an open offer of the Company for raising of a net proceeds of approximately HK$96 million;

(l) the underwriting agreement entered into between the Company and Sun Hung Kai International Limited on 23 May 2007 in relation to the rights issue and bonus share issue of the Company for raising of a net proceeds of approximately HK$36 million; and

(m) the supplemental agreement entered into between the Company, Mr. Sin Tim Iao, Ms. Chen Anfeng and Man Pou Gambling Promotion Company Limited on 21 May 2007 in relation to the acquisition of the entire issued capital in Right Gateway Limited under which the consideration of the transaction under the acquisition agreement dated 27 July 2006 was revised from HK$230,200,000 to HK$89,877,000.

9. GENERAL

(a) The registered office of the Company is at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and the head office and principal place of business of the Company is at 26/F, EIB Centre, 40-44 Bonham Strand, Sheung Wan, Hong Kong.

(b) The Company's Hong Kong branch share registrar and transfer office in Hong Kong is Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(c) The qualified accountant and company secretary of the Company is Mr. Yeung Shun Kee, who is an associate member of the Hong Kong Institute of Certified Public Accountants.

(d) The compliance officer of the Company is Mr. Wong Kam Leong, the Chairman of the Company.

(e) The English language text of this circular shall prevail over the Chinese language text in case of inconsistency.

(f) 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 of the Company comprises of the independent non-executive Directors, namely, Mr. Ng Kwok Chu, Winfield, Mr. Ng Chau Tung, Robert, and Mr. Cheng Tze Kit, Larry. Their particulars are as below:

Mr. Ng Kwok Chu, Winfield

An independent non-executive Director and a member of audit committee of the Company, aged 50, Mr. Ng was appointed by the Company on 3 January 2006. Mr. Ng is currently the general manager of a local financial institution. Mr. Ng has over 10 years consumer and commercial finance experiences in the markets of Hong Kong and the People's Republic of China. He is currently an independent non-executive director of Quaypoint Corporation Limited, a company listed on the Main Board of the Stock Exchange, and the executive director of China Metal Resources Holdings Limited, a company listed on the GEM Board of the Stock Exchange.

Mr. Ng Chau Tung, Robert

An independent non-executive Director and a member of audit committee of the Company, aged 53, 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 nonexecutive committee member of the Finance House Association and the Hong Kong Deposit Taking Company Association. Mr. Ng did not hold any directorship in any listed company in the past three years before the date of this circular.

Mr. Cheng Tze Kit, Larry

An independent non-executive Director and a member of audit committee of the Company, aged 52, Mr. Cheng was appointed by the Company on 30 June 2008. Mr. Cheng is a Chartered Engineer, a member of the Institution of Mechanical Engineers, a member of the Institution of Engineering and Technology and a member of the Chartered Institution of Building Services Engineers. He has over 20 years of experience in real estate development and mergers and acquisitions in Hong Kong, Canada and China. He was an executive director of Anex International Holdings Limited (stock code: 723) a company listed on the Main Board of the Stock Exchange, for the period from August 2006 to August 2007.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the place of business of the Company at 26/F, EIB Centre, 40-44 Bonham Strand, Sheung Wan, Hong Kong during office hours from the date of this circular up to the date of the special general meeting of the Company to be held on Wednesday, 3 June 2009 to consider and approve the Acquisition Agreement and the transactions contemplated thereunder:

(a) the memorandum and articles of association of the Company;

(b) the material contracts referred to in the paragraph headed "Material Contracts" to this Appendix;

(c) the annual reports of the Group for the two years ended 31 March 2008, the interim report for the six months ended 30 September 2008 and the quarterly report for the nine months ended 31 December 2008;

(d) the accountants' report on the Target Group from GC Alliance Limited, the text of which is set out in Appendix II to this circular;

(e) the letter from GC Alliance Limited regarding the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to this circular;

(f) the valuation report on plant and machinery of the Joint Venture Company as at 30 April 2009 prepared by LCH (Asia-Pacific) Surveyors Limited, the text of which is set out in Appendix V to this circular;

(g) the valuation report on property interests of the Enlarged Group as at 30 April 2009 prepared by LCH (Asia-Pacific) Surveyors Limited, the text of which is set out in Appendix VI to this circular;

(h) the written consents referred to in paragraph headed "Experts and Consents" to this Appendix; and

(i) the copy of each circular issued pursuant to the requirements set out in Chapters 19 and/or 20 which has been issued since 31 March 2008.

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 (the "Company") will be held at the Function Room of Macau Jockey Club, 1/F China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong at 11:00 a.m. on Wednesday, 3 June 2009 for the purpose of considering, and if thought fit, passing the following resolutions (with or without modifications) as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

"**THAT**

(i) the Acquisition Agreement (as defined in the circular dated 14 May 2009 despatched to the shareholders of the Company (the "Circular")), a copy of which has been produced to this meeting marked "A" and signed by the Chairman hereof for the purpose of identification, and all the transactions contemplated thereunder, including but not limited to the issue of convertible bonds (the "Convertible Bonds") in the principal amount of HK$40,000,000 in accordance with the terms and conditions of the Convertible Bonds attached to the Acquisition Agreement and the issue and allotment of 333,333,333 new shares of the Company at HK$0.12 each (subject to adjustments) which may fall to be issued and allotted upon exercise of the conversion right attaching to the Convertible Bonds to the New Vendor and/or his nominee(s) in partial settlement of the consideration under the Acquisition Agreement, and the issue of the Promissory Notes in the amount of HK$46,500,000 in accordance with the terms and conditions of the Promissory Notes attached to the Acquisition Agreement by the Company to the New Vendor and/or his nominee(s) in partial settlement of the consideration under the Acquisition Agreement, be and are hereby approved, confirmed and ratified; and

(ii) the directors of the Company be and are hereby authorized to sign, execute, perfect, deliver and do all such documents, deeds, acts, matters and things, as the case may be, as they may in their discretion consider necessary desirable or expedient to carry and implement the Acquisition Agreement (as defined in the Circular) and all the transactions contemplated thereunder into full effect."

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

Hong Kong, 14 May 2009

* *for identification purposes only*

Notes:

1. Every member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.

2. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must be deposited at the branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, the share registrars of the Company in Hong Kong at Rooms 1806–1807, 18th Floor, Hopewell Centre, 183 Queen's Road Central, Hong Kong not less than 48 hours before the time appointed for the holding of such meeting or any adjournment thereof.

3. A form of proxy for use at the meeting is enclosed. Whether or not you are able to attend the meeting in person, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon.

4. Completion and delivery of the form of proxy will not preclude members from attending and voting in person at the meeting or any adjournment thereof should they so wish, and in such event, the form of proxy will be deemed to be revoked.

5. Where there are joint registered holders of any share(s) of the Company, any one of such joint holders may attend and vote at the meeting, either in person or by proxy, in respect of such share(s) as if he/she were solely entitled thereto, but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.