



**LONG SUCCESS INTERNATIONAL (HOLDINGS) LIMITED**

**百齡國際(控股)有限公司\***

*(incorporated in Bermuda with limited liability)*

(Stock Code: 8017)

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 MARCH 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 higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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

\* For identification purpose only

## **SUMMARY**

- Revenue decreased by 49.7% to HK\$12.78 million in 2009 from HK\$25.42 million in 2008. The decrease in revenue was mainly due to the disappointing performance of the IT consulting services and gaming and entertainment businesses in Macau generally. In July 2008, the measures adopted by the Guangdong government to further tighten individual visits to Macau under the individual visit scheme and the global financial meltdown drove down the VIP gaming revenue during the year under review. With the global recession, there was a substantial decrease in the demand for customized softwares and related computer equipments. However, the contribution from the business of provision of money lending services narrowed the decline in revenue under review.
- Loss attributable to shareholders was HK\$37.60 million, decreased by 14.0% when compared to a loss of HK\$43.71 million in 2008. Disregarding the impairment items such as the impairment of goodwill arising from the acquisition of Right Gateway Limited (“Right Gateway”) in December 2006 and the cost associated with equity-settled share options etc., the Group recorded a loss attributable to shareholders of HK\$7.66 million, decreased by 18.9% when compared with last year’s figure.
- The Directors do not recommend the payment of a dividend for the year ended 31 March 2009 (2008: Nil).

## ANNUAL RESULTS

The audited consolidated results of Long Success International (Holdings) Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2009 together with the comparatives for the previous year are as follows:

### CONSOLIDATED INCOME STATEMENT

*For the year ended 31 March 2009*

	<i>Note</i>	<b>2009</b> <i>HK\$'000</i>	2008 <i>HK\$'000</i>
<b>Revenue</b>	4	<b>12,778</b>	25,424
Other income	4	<b>3,810</b>	749
Materials used and work performed and capitalised		<b>(6,578)</b>	(7,119)
Staff costs		<b>(11,401)</b>	(17,671)
Depreciation of property, plant and equipment		<b>(411)</b>	(241)
Impairment loss on goodwill		<b>(14,200)</b>	(33,376)
Impairment loss on property, plant and equipment		<b>(2,465)</b>	–
Impairment loss on trade receivables		<b>(235)</b>	(671)
Impairment loss on loan receivables		<b>(656)</b>	–
Other expenses		<b>(17,696)</b>	(8,300)
Finance costs	5	<b>(5)</b>	(619)
Loss before tax		<b>(37,059)</b>	(41,824)
Income tax expense	6	<b>(334)</b>	–
<b>Loss for the year</b>	7	<b>(37,393)</b>	(41,824)
Attributable to:			
Equity holders of the parent		<b>(37,604)</b>	(43,710)
Minority interests		<b>211</b>	1,886
		<b>(37,393)</b>	(41,824)
<b>Loss per share attributable to ordinary equity holders of the parent</b>			
Basic and diluted (HK cents per share)	9	<b>(1.37)</b>	(2.10)

## BALANCE SHEETS

As at 31 March 2009

	Note	Group		Company	
		2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
<b>Non-current assets</b>					
Intangible assets		-	-	-	-
Goodwill		15,890	30,000	-	-
Property, plant and equipment		3,321	667	-	-
Interests in subsidiaries		-	-	57,980	80,532
Available-for-sale financial assets		180	180	-	-
Deposit for acquisition		47,500	-	47,500	-
Loans receivable		348	-	-	-
Total non-current assets		<u>67,239</u>	<u>30,847</u>	<u>105,480</u>	<u>80,532</u>
<b>Current assets</b>					
Trade receivables	10	2,746	10,631	-	-
Loans receivable		8,478	8,727	-	-
Prepayment, deposits and other receivables		1,576	1,663	-	130
Available-for-sale financial assets		32,000	59,000	-	27,000
Cash and cash equivalents		2,940	19,189	1,136	130
Total current assets		<u>47,740</u>	<u>99,210</u>	<u>1,136</u>	<u>27,260</u>
<b>Current liabilities</b>					
Trade payables	11	3,229	3,497	-	-
Accruals and other payables		5,679	4,633	1,334	1,167
Current portion of obligations under finance lease		-	35	-	-
Provision for taxation		1,033	833	-	-
Total current liabilities		<u>9,941</u>	<u>8,998</u>	<u>1,334</u>	<u>1,167</u>
<b>Net current assets (liabilities)</b>		<u>37,799</u>	<u>90,212</u>	<u>(198)</u>	<u>26,093</u>
<b>Total assets less current liabilities</b>		<u>105,038</u>	<u>121,059</u>	<u>105,282</u>	<u>106,625</u>
<b>NET ASSETS</b>		<u><u>105,038</u></u>	<u><u>121,059</u></u>	<u><u>105,282</u></u>	<u><u>106,625</u></u>

	Group		Company	
	2009	2008	2009	2008
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Capital and reserves</b>				
Share capital	<b>30,320</b>	27,273	<b>30,320</b>	27,273
Reserves	<b>74,400</b>	84,669	<b>74,962</b>	79,352
Equity attributable to equity holders of the parent	<b>104,720</b>	111,942	<b>105,282</b>	106,625
Minority interests	<b>318</b>	9,117	–	–
<b>TOTAL EQUITY</b>	<b>105,038</b>	121,059	<b>105,282</b>	106,625

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2009

### 1. CORPORATE INFORMATION

Long Success International (Holdings) Limited (“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 Canon’s Court, 22 Victoria Street, Hamilton HM 12, Bermuda and 26/F, EIB Centre, 40-44 Bonham Street, Sheung Wan, Hong Kong respectively.

The Company is an investment holding company. During the year, its subsidiaries are principally engaged in the following activities:

- (i) Sale and implementation of customised software and related computer equipment;
- (ii) Provision of computer-related 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”, which also include Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong 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**

The Group has adopted the following new or amended HKFRSs for the first time in the preparation of current year’s financial statements:

HKAS 39 & HKFRS 7 Amendments	Reclassification of Financial Assets
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new or amended HKFRSs has had no significant impact on the Group’s financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

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

HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate <sup>1</sup>
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations <sup>1</sup>
HKFRS 3 (Revised)	Business Combinations <sup>2</sup>
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments <sup>1</sup>
HKFRS 8	Operating Segments <sup>1</sup>
HKAS 1 (Revised)	Presentation of Financial Statements <sup>1</sup>
HKAS 23 (Revised)	Borrowing Costs <sup>1</sup>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>2</sup>
HKAS 32 and HKAS 1 (Amendment)	Puttable Financial Instruments and Obligations Arising on liquidation <sup>1</sup>
HKAS 39 (Amendment)	Eligible Hedged Items <sup>2</sup>
HK(IFRIC)-Int 9 & HKAS 39 (Amendment)	Embedded Derivatives <sup>5</sup>
HK(IFRIC)-Int 13	Customer Loyalty Programmes <sup>3</sup>
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate <sup>1</sup>
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation <sup>4</sup>
HK(IFRIC)-Int 17	Distribution of Non-cash Assets to Owners <sup>2</sup>
HK(IFRIC)-Int 18	Transfer of Assets from Customers <sup>6</sup>
HKFRSs (Amendments)	Improvements to HKFRSs <sup>7</sup>
HKFRSs (Amendments)	Improvements to HKFRSs 2009 <sup>8</sup>

*Notes:*

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2009
- <sup>2</sup> Effective for annual periods beginning on or after 1 July 2009
- <sup>3</sup> Effective for annual periods beginning on or after 1 July 2008
- <sup>4</sup> Effective for annual periods beginning on or after 1 October 2008
- <sup>5</sup> Effective for annual periods beginning on or after 30 June 2009
- <sup>6</sup> Effective for transfers on or after 1 July 2009
- <sup>7</sup> Generally effective for annual periods beginning on or after 1 January 2009, except for amendments to HKFRS 5 which are effective for annual periods beginning on or after 1 July 2009
- <sup>8</sup> Effective for annual periods beginning on or after 1 January 2010

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination which is consummated on or after the commencement of the first financial year beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary. The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results or financial position of the Group.

#### 4. REVENUE AND SEGMENT INFORMATION

Revenue represents the Group's turnover and comprised:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
<b>Revenue</b>		
Sale and implementation of customised software and related computer equipment	6,326	15,757
Computer-related technical support and maintenance service income	3,537	3,176
Profits assigned from a junket representative of a casino VIP lounge in Macau	1,019	6,277
Interest income from money lending business	1,896	214
	<u>12,778</u>	<u>25,424</u>
<b>Other income, net</b>		
Gain on disposal of property, plant and equipment	–	41
Interest income, other than that from money lending business	3,853	279
Sundry income	21	57
Realised loss on trading securities	(64)	–
Reversal of impairment of trade receivables	–	372
	<u>3,810</u>	<u>749</u>

## Primary reporting format – business segments

The Group is organised into the following major business segments:

- (i) Sale and implementation of customised software and related computer equipment;
- (ii) Provision of computer-related 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.

	Customised software and related computer equipment		Computer-related technical support and maintenance		Sharing of profits of a Macau casino junket representative		Money lending business		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment revenue</b>										
Sales to external customers	6,326	15,757	3,537	3,176	1,019	6,277	1,896	214	12,778	25,424
<b>Segment results</b>	(1,938)	(2,841)	(472)	1,527	(35,104)	(28,992)	(2,994)	(115)	(40,508)	(30,421)
Unallocated income									3,810	749
Unallocated expenses									(356)	(11,533)
Finance costs									(5)	(619)
Loss before tax									(37,059)	(41,824)
Income tax expense									(334)	–
<b>Loss for the year</b>									(37,393)	(41,824)
<b>Segment assets</b>	3,009	5,375	79	138	21,102	70,519	43,289	54,025	67,479	130,057
Unallocated assets									47,500	–
<b>Total assets</b>									114,979	130,057
<b>Segment liabilities</b>	6,585	6,513	551	366	1,650	1,286	122	–	8,908	8,165
Unallocated liabilities									1,033	833
<b>Total liabilities</b>									9,941	8,998
<b>Other information</b>										
Depreciation and amortization	37	133	105	28	240	74	29	6	411	241
Capital expenditure	16	1	–	4	1,804	159	4,175	320	5,995	484
Impairment loss on trade receivables	–	–	235	671	–	–	–	–	235	671
Impairment loss on loans receivable	–	–	–	–	–	–	656	–	656	–
Impairment loss on goodwill	–	–	–	–	14,200	33,376	–	–	14,200	33,376
Impairment loss on property, plant and equipment	–	–	–	–	–	–	2,465	–	2,465	–



## 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		Segment assets		Capital expenditure	
	2009	2008	2009	2008	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	<b>7,586</b>	14,928	<b>45,696</b>	57,625	<b>4,175</b>	317
Macau	<b>1,019</b>	6,277	<b>21,102</b>	70,519	<b>1,804</b>	159
PRC	<b>4,173</b>	4,219	<b>48,181</b>	1,913	<b>16</b>	8
	<b>12,778</b>	25,424	<b>114,979</b>	130,057	<b>5,995</b>	484

## 5. FINANCE COSTS

	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank loans and overdrafts wholly repayable with five years	–	607
Interest element of finance leases	<b>5</b>	12
	<b>5</b>	619

## 6. INCOME TAX EXPENSE

Hong Kong profits tax is calculated at 16.5% (2008: 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.

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

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Loss before tax	<u>(37,059)</u>	<u>(41,824)</u>
Tax benefit calculated at Hong Kong profits tax rate of 16.5% (2008 – 17.5%)	6,115	7,319
Effect of different tax rates in other jurisdictions	17	38
Tax effect of income not subject to tax	490	1,164
Tax effect of expenses not deductible for tax	(6,051)	(7,997)
Tax effect of temporary differences not recognised	15	17
Tax effect of utilisation of tax losses previously not recognised	40	229
Tax effect of tax losses not recognised	(960)	(770)
Tax expense for the year	<u>(334)</u>	<u>–</u>

## 7. LOSS FOR THE YEAR

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

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Auditors' remuneration	610	570
Depreciation on:		
– owned assets	411	199
– leased assets	–	42
	411	241
Impairment losses on:		
– trade receivables	235	671
– loans receivable	656	–
– goodwill	14,200	33,376
– property, plant and equipment	2,465	–
Loss (gain) on disposal of property, plant and equipment	35	(41)
Minimum lease payments under operating leases in respect of leased premises	1,355	1,087
Realised loss from trading securities	64	–
Staff costs including directors' emoluments	11,401	17,671

## 8. DIVIDENDS

No dividend has been paid or declared by the Company during the year or since the balance date (2008: nil).

## 9. LOSS PER SHARE

	<b>2009</b> <i>HK cent</i>	2008 <i>HK cent</i>
<b>Basic and diluted loss per share</b>	<b>(1.37)</b>	(2.10)

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

	<b>2009</b> <i>HK\$'000</i>	2008 <i>HK\$'000</i>
<b>Loss attributable to ordinary equity holders of the parent</b>	<b>(37,604)</b>	(43,710)

	<b>2009</b> <i>'000</i>	2008 <i>'000</i>
<b>Shares</b>		
Weighted average number of ordinary shares in issue	<b>2,750,225</b>	2,081,429

The basic and diluted losses per share are the same for the years ended 31 March 2009 and 2008 respectively, as the Company recorded losses attributable to equity holders of the parent and hence, the incremental shares from the assumed exercises of share options and warrants outstanding as at 31 March 2009 and 2008 are not included in calculating the diluted basic loss per share.

## 10. TRADE RECEIVABLES

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

	<b>Group</b>	
	<b>2009</b> <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Within three months	<b>731</b>	2,775
Over three months but within six months	<b>165</b>	2,623
Over six months but within one year	<b>1,185</b>	3,056
Over one year but within two years	<b>665</b>	2,177
	<b>2,746</b>	10,631

## 11. TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	<b>Group</b>	
	<b>2009</b>	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within three months	<b>214</b>	906
Over three months but within six months	<b>512</b>	762
Over six months but within one year	<b>345</b>	32
Over one year but within two years	<b>2,158</b>	1,797
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	<b>3,229</b>	3,497
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## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 customised software (including ERP and POS solutions) and related computer equipments; and (iv) provision of technical support and maintenance services on the systems implemented.

#### (A) Issue of convertible notes

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

**(B) Non-legal binding letter of intent**

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

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

**(C) Very substantial acquisition**

Referring to the circular of the Company dated 14 May 2009, the Board entered into an acquisition agreement (“Acquisition Agreement”) whereby the Board proposed to acquire the entire equity interest in Mega Bright Investment Development Limited (“Mega Bright”) at a consideration (“Consideration”) of HK\$190 million (subject to adjustments) (“Acquisition”). Mega Bright, a company with limited liability incorporated in Hong Kong, owns 51% equity interest in a joint venture company, Jining Gangning Paper Co, Ltd. (“Jining Gangning”) in Shandong Province in the People’s Republic of China. The payment of the Consideration is to be satisfied by (i) cash of HK\$103.5 million by two (2) installments; (ii) the issuance of convertible bonds by the Company in the principal amount of HK\$40 million convertible into 333,333,333 Shares, and (iii) the issuance of promissory notes in the principal sum of HK\$46.5 million by the Company. According to the Acquisition Agreement, the vendor shall provide profit guarantees of not less than RMB60 million profit after tax on Jining Gangning for each of the two years ended 31 December 2010 and 31 December 2011. Jining Gangning is engaged in the manufacture and sale of various types of kraft paper. Its production facilities comprise 2-paper production lines, a stock or pulp preparation section for making paper products, a waste water treatment plant, various plant utilities, and laboratory, office and material handling equipment. Jining Gangning has a factory complex comprises two parcels of adjoining land of approximately 82,667 sq.m. with 31 various major buildings and structures erected thereon. According to the valuation reports, the market values of plant and machinery and property were approximately RMB112 million and RMB55 million as at 30 April 2009 respectively. Details of the acquisition were set out in the Company’s announcements dated 12 February 2009 and 31 March 2009 respectively, and the circular dated 14 May 2009. On 3 June 2009, the shareholders at the special general meeting approved the Acquisition Agreement and the transactions contemplated thereunder.

**(D) Subscription for new shares**

Referring to the announcement dated 24 February 2009, the Company entered into a subscription agreement (the “Subscription”) with two subscribers to issue shares in the capital of the Company (the “Subscription Shares”) at the subscription price of HK\$0.065 per Subscription Share. On 16 March 2009, completion took place and 169,232,000 Subscription Shares were issued to the subscribers.

### **(E) Connected transaction**

Referring to the announcement dated 9 March 2009, a directly wholly-owned subsidiary of the Company, Cherry Oasis (Far East) Limited, entered into the sale and purchase agreement (the “Success Finance Agreement”) with Mr. Cheung Tze Lin, Aston and Mr. Wong Wai Man, Raymond (the “Sellers”), both directors of Success Finance Limited (“Success Finance”), a subsidiary of the Company. Pursuant to the Success Finance Agreement, the Sellers agreed to sell and the Purchaser agreed to purchase 5,500,000 ordinary shares of HK\$1.00 each of Success Finance, representing 10% of the issued share capital of Success Finance for a total consideration of HK\$5,500,000. Completion of the Success Finance Agreement took place on 16 March 2009 and Success Finance is now an indirectly wholly-owned subsidiary of the Company.

## **FINANCIAL REVIEW**

### **Revenue and loss attributable to shareholders**

During the year under review, revenue was approximately HK\$12.78 million, recorded a decrease of 49.7% as compared to last year (2008: HK\$25.42 million). The decrease in revenue was mainly due to the disappointing performance of the IT consulting services and gaming and entertainment businesses in Macau generally. In July 2008, the measures adopted by the Guangdong government to further tighten individual visits to Macau under the individual visit scheme and the global financial meltdown drove down the VIP gaming revenue during the year under review. With the global recession, there was a substantial decrease in the demand for customised software and related computer equipments. However, the contribution from the business of provision of money lending services narrowed the decline in revenue under review. Loss attributable to shareholders was HK\$37.60 million, decreased by 14.0% compared to a loss of HK\$43.71 million in 2008. Disregarding the impairment items such as the impairment of goodwill arising from the acquisition of Right Gateway in December 2006 and the cost associated with equity-settled share options etc., the Group recorded a loss attributable to shareholders of HK\$7.66 million, decreased by 18.9% compared to last year’s figure.

### **Segment performance**

During the year under review, revenue contributed by gaming and entertainment sector was HK\$1.02 million (2008: HK\$6.28 million), represented a decrease of 83.8% comparing with last year. Revenue contributed by provision of money lending services was HK\$1.90 million (2008: HK\$0.21 million), recorded an increase of 804.8%. Revenue contributed by sales of customised software and related computer equipment was HK\$6.32 million, decreased by 59.9% (2008: HK\$15.75 million). Revenue from the support and maintenance services was HK\$3.54 million, increased by 11.3% (2008: 3.18 million). The contribution of gaming and entertainment sector, money lending sector and IT sector to turnover for the financial year was 8% (2008: 25%); 15% (2008: 1%) and 77% (2008: 74%).

### **Financial resources, liquidity and gearing**

The Group financed its operations primarily with internally generated cash flow as well as the cash flow generated from the Subscription. The Group adopted a conservative financial management and treasury policy and will continue to apply such policy in the coming year. All borrowings and substantial proportion of the cash and bank balances are denominated in Hong Kong dollars and put in short term deposits. A small proportion of the cash and bank balance is denominated in Renminbi.

As at 31 March 2009, the Group had cash and bank balances of approximately HK\$2.94 million (2008: HK\$19.19 million). The Group's current assets were approximately 4.80 times (2008: 11.03 times) over its current liabilities. For the year under review, the Group was financed by its own working capital and the gearing ratio which represents the total borrowings divided by total assets was zero (2008: 0.03%).

During the year under review, the Group had successfully raised funds from the Subscription in the amount of approximately HK\$11 million before expenses. Funds raised from the Subscription have been used as part payment of the refundable deposit of HK\$47.5 million for the Acquisition. The Group will need to raise additional funds to finance payment of the balance of the Consideration under the Acquisition. In view of the Group's current liquidity position, the Directors expect the Group will be able to raise sufficient funds to meet its operational and investment needs in the foreseeable future.

### **Charge of Group's assets**

As at 31 March 2009, none of the Group's assets had been pledged (2008: Nil).

### **Foreign currency exposure**

The Group continues to adopt a conservative treasury policy with all deposits in Hong Kong dollars, keeping a minimum exposure to foreign exchange risks. As the sales, expenditures, assets and liabilities are mainly denominated in Hong Kong dollars and Renminbi, the Group has not adopted any hedging policy or entered into any derivative products which are considered not necessary for the Group's treasury management activities.

### **Contingent liabilities**

Before 31 March 2009, a District Court action had been 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.

No settlement has yet been reached for the above litigation and no judgment has yet been made against the above-mentioned subsidiary of Group in respect of the above-mentioned claims. The Directors of the Company consider that it is not possible to estimate the eventual outcome of such claims with reasonable certainty at the current stage. Nevertheless, the Directors of the Company are of the opinion that the above-mentioned subsidiary of the Group has valid defence and consider the claims mentioned above would not have material adverse impact to the financial position of the Group. Accordingly, no provision had been made for such claims as at 31 March 2009.

Save as disclosed above, the Group did not have other significant contingent liabilities.

### **Employees**

As at 31 March 2009, the Group had approximately 29 (2008: 26) 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\$11.2 million (2008: HK\$17.2 million). Employees in Hong Kong are also entitled to provident fund contributions and medical insurance. For employees in the PRC, the Group is 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 are regularly reviewed by the Board. Apart from provident fund scheme, medical insurance and discretionary bonuses, share options are 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.



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

As at 31 March 2009, the following Directors and chief executive of the Company had or were deemed to have interests in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Cap.571 of the Laws of Hong Kong (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealings by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules:

**Long positions in Shares:**

Name	Type of interest	Number of ordinary shares of the Company	Number of underlying shares of the Company	Total	Percentage of Shareholding
<i>Directors</i>					
Wong Kam Leong	Corporate Interest	852,500,000 (Note 1)		879,500,000	29.00%
	Personal Interest		27,000,000 (Note 2)		
Yip Wai Ki	Personal Interest	10,000,000	–	10,000,000	0.33%
Li Jie Yi	Personal Interest	–	27,000,000 (Note 2)	27,000,000	0.89%
Ng Kwok Chu, Winfield	Personal Interest	–	2,000,000 (Note 3)	2,000,000	0.07%
Ng Chau Tung, Robert	Personal Interest	–	2,000,000 (Note 3)	2,000,000	0.07%
Cheng Tze Kit Larry	Personal Interest	–	4,800,000 (Note 4)	4,800,000	0.16%

*Notes:*

1. The 852,500,000 shares in the Company are beneficially owned by and registered in the name of Wide Fine International Limited (“Wide Fine”), a company incorporated in Hong Kong with limited liability and is wholly-owned by Mr. Wong Kam Leong.
2. As at 31 March 2009, 27,000,000 share options conferring rights to subscribe for 27,000,000 shares.
3. As at 31 March 2009, 2,000,000 share options conferring rights to subscribe for 2,000,000 shares.
4. As at 31 March 2009, 4,800,000 share options conferring rights to subscribe for 4,800,000 shares.

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

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

Save as disclosed above, none of the Directors, chief executive or their associates had any interests or short position in the securities of the Company or any of its associated corporations as defined in Part XV of the SFO which was discloseable for the year ended 31 March 2009.

#### **SUBSTANTIAL SHAREHOLDERS’ INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY**

The register of substantial shareholders maintained under section 336 of the SFO shows that as at 31 March 2009, the Company had been notified of the following substantial shareholders’ interests, being 5% or more of the Company’s issued share capital. These interests are in addition to those disclosed above in respect of the Directors and chief executive.

<b>Name</b>	<b>Number of ordinary shares held</b>	<b>Number of underlying shares held</b>	<b>Total</b>	<b>Percentage of shareholding</b>
Wide Fine International Limited ( <i>Note 1</i> )	852,500,000	–	852,000,000	28.12%

*Note:*

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

Save as disclosed above, no other person had registered an interest or short position in the shares and underlying shares of the Company that was required to be reported pursuant to section 336 of the SFO as at 31 March 2009.

#### **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

As at 31 March 2009, the Directors were not aware of any business or interest of each Director, management shareholder (as defined in the GEM Listing Rules) and the respective associates of each that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

#### **AUDIT COMMITTEE**

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Ng Kwok Chu, Winfield, Mr. Ng Chau Tung, Robert and Mr. Cheng Tze Kit, Larry with written terms of reference in compliance with the GEM Listing Rules. The Audit Committee has reviewed the audited financial statements of the Group for the year ended 31 March 2009.

#### **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices ("Code on CG Practices") contained in Appendix 15 of the GEM Listing Rules other than the positions of the Chairman and the Chief Executive Officer are both held by the same individual.

Mr. Wong Kam Leong ("Mr. Wong") assumes the role of both the Chairman and the Chief Executive Officer of the Company. Mr. Wong is responsible for business plans, strategies and policies. He ensures that the Board acts in the best interests of the Group and all key and appropriate issues are properly briefed and discussed by the Board in order for the Board functions effectively.

The role of Chairman and Chief Executive Officer of the Company rests on the same individual which deviates from the code provision A.2.1 in the Code on CG Practices of not having a clear division of responsibilities. The Board is of the view that this arrangement has not compromised accountability and independent decision making because three out of six of its members are independent and have free and direct access to the Company's external auditors and independent professional advice when considered necessary.

In addition, Mr. Wong is a substantial shareholder of the Group. He is motivated to contribute to the growth and profitability of the Group. The Board is of the view that it is in the best interests of the Group to have an executive chairman so that the Board can have the benefit of a chairman who is knowledgeable about the business of the Group and is most capable to guide discussions and brief the Board in a timely manner on pertinent issues and developments to facilitate open dialogue between the Board and the management.

#### **DIRECTORS SECURITIES TRANSACTIONS**

The Company has adopted the required standards of dealings regarding securities transactions by Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specified enquiry with the Directors, all the Directors confirmed that they have complied with the required code of conduct and required standard of dealings.

#### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

On behalf of the Board  
**Wong Kam Leong**  
*Chairman*

26 June 2009, Hong Kong

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

*This announcement will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the "Latest Company Announcement" page for at least seven days from the day of its posting and on the Company's website at [www.long-success.com](http://www.long-success.com).*