



LONG SUCCESS INTERNATIONAL (HOLDINGS) LIMITED

Stock Code : 8017 (Incorporated in Bermuda with limited liability)

The background of the lower half of the page is a vibrant blue. It features several abstract, glowing patterns. One prominent pattern is a series of white dots connected by thin lines, forming a grid-like structure that recedes into the distance. Another pattern consists of several parallel, slightly curved lines that also recede, creating a sense of depth and movement. The overall effect is a modern, technological, and dynamic aesthetic.

2006
FIRST QUARTERLY REPORT

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

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

The principal means of information dissemination on GEM is publication on the Internet website operated by the Exchange. GEM listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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

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

HIGHLIGHTS

- Turnover of the Group for the three months ended 30 June 2006 was approximately HK\$13,362,000 as compared to HK\$6,453,000 for the corresponding period in 2005.
- Net profit of the Group for the three months ended 30 June 2006 was approximately HK\$1,753,000 as compared to net loss of HK\$135,000 for the corresponding period in 2005.
- Earning per share of the Group was HK0.69 cents for the three months ended 30 June 2006 as compared to loss per share of HK0.05 cents for the corresponding period in 2005.

FIRST QUARTERLY RESULTS

The unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the three months ended 30 June 2006 together with the comparatives for the corresponding periods in 2005 are as follows:

UNAUDITED CONSOLIDATED RESULTS

	Note	Three months ended 30 June	
		2006 HK\$'000	2005 HK\$'000
Turnover	2	13,362	6,453
Material, equipment and sub-contracting charge		(6,891)	(2,484)
Staff costs		(3,296)	(3,227)
Depreciation of property, plant and equipment		(65)	(80)
Amortisation of development expenditures		-	(108)
Other operating expenses		(1,077)	(649)
Operating profit/(loss)		2,033	(95)
Interest income		14	31
Interest expense		(7)	(71)
Profit/(Loss) before taxation		2,040	(135)
Taxation	3	(287)	-
Profit/(Loss) after taxation		1,753	(135)
Minority interests		-	-
Profit/(Loss) attributable to shareholders		1,753	(135)
Earning/(Loss) per share	4		
- Basic		0.69 cents	(0.05 cents)
- Diluted		N/A	N/A

NOTES:

1. Basis of preparation

The Group's unaudited consolidated results have been prepared in accordance with Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Companies Ordinances of Hong Kong and the GEM Listing Rules.

The unaudited consolidated results have been reviewed by the audit committee. The composition of the audit committee is discussed in subsequent section.

2. Turnover

An analysis of the Group's turnover is as follows:

	Three months ended	
	30 June	
	2006	2005
	HK\$'000	<i>HK\$'000</i>
Macau marketing services	7,901	-
Development of customised software and sales of related computer equipment	4,299	4,968
Provision of technical support and maintenance services	1,162	1,485
	13,362	6,453

3. Taxation

No provision for Hong Kong profits tax has been made in the accounts as the Group could utilize the tax loss carried forward for the assessable profit arising in Hong Kong for the three months ended 30 June 2006. No provision for enterprise income tax in the PRC has been made as all PRC subsidiaries were in a loss position during the three months ended 30 June 2006.

Overseas taxes on profits assessable of the Group if any, are calculated at the rates of tax prevailing in the respective jurisdictions in which they operate, bases on the prevailing legislation, interpretations and practices in respect thereof.

4. Earning/(Loss) per share

The calculation of the basic earning per share is based on the Group's profit attributable to shareholders for three months ended 30 June 2006 of HK\$1,753,000 (loss attributable to shareholders for the three months ended 30 June 2005: HK\$135,000) and on the weighted average number of 253,030,000 (2005: 250,060,000) ordinary shares in issue during the periods.

Diluted earnings per share is not presented for this period as the Group had no potential ordinary shares as at the balance sheet date.

For the three months ended 30 June 2005, no diluted loss per share is presented as the outstanding share options were anti-dilutive.

5. Dividend

No dividend had been paid or declared by the Company during the period (2005: HK\$Nil).

6. Movements of reserves

The only movement of reserves for the three months ended 30 June 2006 is the profit for that period HK\$1,753,000 (Movements of reserves in corresponding period in 2005 were the loss for that period HK\$135,000 and premium received for issued share capital amounted to HK\$56,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

The Group recorded a 107% increase in turnover for the three months ended 30 June 2006 as compared with that for the same period in 2005 and achieved profit attributable to shareholders of HK\$1,753,000 as compared to loss of HK\$135,000 for the same period in 2005. It is largely due to contribution from the gaming and entertainment business in Macau.

Prospects

Diversification to the gaming and entertainment has proven to be a successful strategy. In view of the booming economy of Macau, the Group will continue to solicit for possible acquisition or partnership to acquire the business opportunities from the tourism and gaming industries in Macau. We believe our focus in the gaming and entertainment sector will continue to provide promising return and profitability to the Group.

Directors' and Chief Executives' Interest and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporations

As at 30 June 2006, the following Directors of the Company had or were deemed to have interests in the equity securities of the Company within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register kept by the Company pursuant to Part XV of the SFO or otherwise notified to the Company pursuant to the minimum standards of dealings by the Directors as referred to in Rules 5.46 to 5.68 of the GEM Listing Rules:

Name of Directors	Type of Interest	Number of ordinary shares in the Company	Percentage of shareholdings (%)
Wong Kam Leong ("Mr. Wong")	Corporate interest (Note 1)	132,500,000	52.37%
Lai Cho Wai ("Mr. Lai")	Personal interest	22,000,000	8.69%
Lau Chiu Pui ("Mr. Lau")	Discretionary trust (Note 2) & personal interest	14,000,000	5.53%

Note:

- The 132,500,000 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.
- 13,750,000 shares in the Company are beneficially owned by and registered in the name of Noble Class Group Limited ("Noble Class"), a company incorporated in the British Virgin Islands. Noble Class is in turn wholly held by Sunrise International (Holdings) Limited ("Sunrise"), a company incorporated in the Cayman Islands. All the issued non-voting redeemable and retractable preferred shares of Sunrise, with the rights to a fixed 5% cumulative dividend and redemption at fixed redemption prices in the aggregate amount of HK\$9 million, are held by Mr. Lau and Ms. Chan Pui Fong (Mr. Lau's spouse). The issued ordinary shares of Sunrise are held in the following proportions:

Name of shareholders	Class of ordinary shares	Participating proportion
Pro Nes Genesis Anstalt (the "Anstalt")	Voting, non-participating	–
Mr. Lau	Non-voting, participating	100%
		100%

The Anstalt is a corporate entity under Liechtenstein in which Mr. Lau has sole beneficial interest.

In addition to Mr. Lau's personal interest of 250,000 shares, Mr. Lau are therefore taken to have a beneficial interest in the 13,750,000 ordinary shares owned by Noble Class under Part XV of the SFO, resulting in a interest of total of 14,000,000 shares in the Company.

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

Save as disclosed above, none of the Directors, chief executives or their associates had any interests in any securities of the Company or any of its associated corporations as defined in Part XV of the SFO which was disclosable for the three months ended 30 March 2006.

Share option scheme

The share option schemes adopted by the Company on 1 August 2000 and 13 August 2003 have been terminated. All the outstanding options granted were cancelled on 29 March 2006 and no share option was in issue as at 30 June 2006.

Save as disclosed above, during the three months ended 30 June 2006, none of the options being granted to the Executive Directors have been exercised or cancelled.

Save as disclosed above, none of the Directors or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right.

Substantial shareholders

The register of substantial shareholders maintained under section 336 of the SFO shows that as at 30 June 2006, the Company had been notified of the following substantial shareholders' interests, being 5 percent or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the directors and chief executive.

Name	Number of shares held	Percentage of shareholdings (%)
Wide Fine International Limited	132,500,000	52.37%
Lai Pak Leng	23,000,000	9.09%
Lai Cho Wai	22,000,000	8.69%
Noble Class Group Limited	13,750,000	5.43%*
Sunrise International (Holdings) Limited	13,750,000	5.43%*
Pro Nes Genesis Anstalt (the "Anstalt")	13,750,000	5.43%*

* Duplication, all shareholdings are beneficially held as stated above.

Save as disclosed above, no other person was recorded in the register pursuant to Part XV of the SFO as having an interest in 5 per cent or more of the issued share capital of the Company as at 30 June 2006.

Competing interests

None of the directors or the management shareholders of the Company (as defined under the GEM Listing Rules) had any interest in a business which competes or may compete with the business of the Group.

Audit Committee, Board of Directors and Independent Non-executive Director

In compliance with Rule 5.28 of the GEM Listing Rules, the Company has established an audit committee comprising of independent non-executive Directors, namely Mr. Leong Meng Wa, Mr. Ng Kwok Chu, Winfield and Mr. Ng Chau Tung, Robert. The Group's unaudited results for the three months ended 30 June 2006 have been reviewed by the audit committee. Members of the committee were of the opinion that the preparation of such results complied with applicable accounting standards, the Exchange and legal requirements and that adequate disclosures had been made.

Board Practices and Procedures

Save as disclosed above, throughout the three months ended 30 June 2006, the Company has complied with rules 5.34 to 5.45 of the GEM Listing Rules concerning board practices and procedures. None of the independent non-executive directors have been paid any fees or other reimbursements or emoluments during the period.

Purchase, sale or redemption of securities

During the three months ended 30 June 2006, neither the Company nor any of its holding companies or subsidiaries purchased, sold or redeemed any listed securities of the Company.

Directors Securities Transactions

The Company has adopted the required standards of dealings regarding securities transactions by Directors as set out in Rules 5.48 to 5.69 of the GEM Listing Rules. Having made specified enquiry with the Directors, all the Directors confirmed that they have complied with the code of conduct and the required standard of dealings.

On behalf of the Board
Wong Kam Leong
Chairman

14 August 2006, Hong Kong

As at the date hereof, the executive Directors are Mr. Wong Kam Leong, Mr. Lau Chiu Pui, Mr. Lai Cho Wai and Mr. Ma Chon; and the independent non-executive Directors are Mr. Leong Meng Wa, Mr. Ng Kwok Chu, Winfield and Mr. Ng Chau Tung, Robert.