



# MACAU SUCCESS LIMITED

## 澳門實德有限公司\*

(Incorporated in Bermuda with limited liability)

(Stock Code: 487)

### ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2006

#### INTERIM RESULTS

The board of directors (the “Board”) of Macau Success Limited (the “Company”) is pleased to announce that the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 31 March 2006 together with comparative figures are as follows:

#### CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 March 2006

|                                |       | (Unaudited)              |                  |
|--------------------------------|-------|--------------------------|------------------|
|                                |       | For the six months ended |                  |
|                                |       | 31 March                 |                  |
|                                | Notes | 2006<br>HK\$'000         | 2005<br>HK\$'000 |
| <b>TURNOVER</b>                | 3     | <b>50,941</b>            | 50,372           |
| Cost of sales                  |       | <b>(3,292)</b>           | (3,140)          |
| Gross profit                   |       | <b>47,649</b>            | 47,232           |
| Other revenue                  |       | <b>10,275</b>            | 427              |
| Administrative expenses        |       | <b>57,924</b>            | 47,659           |
|                                |       | <b>(33,558)</b>          | (32,017)         |
| <b>PROFIT FROM OPERATIONS</b>  | 4     | <b>24,366</b>            | 15,642           |
| Share of results of associates |       | 17                       | (6)              |
| Finance costs                  | 5     | –                        | (97)             |
| Profit before taxation         |       | <b>24,383</b>            | 15,539           |
| Taxation                       | 6     | –                        | –                |
| <b>PROFIT FOR THE PERIOD</b>   |       | <b>24,383</b>            | 15,539           |
| <b>ATTRIBUTABLE TO:</b>        |       |                          |                  |
| Equity holders of the Company  |       | <b>13,757</b>            | 5,321            |
| Minority interests             |       | <b>10,626</b>            | 10,218           |
|                                |       | <b>24,383</b>            | 15,539           |
| <b>INTERIM DIVIDEND</b>        | 7     | <b>3,209</b>             | –                |
| <b>EARNINGS PER SHARE</b>      |       |                          |                  |
| – Basic                        | 8     | <b>HK0.72 cents</b>      | HK0.29 cents     |
| – Diluted                      |       | N/A                      | N/A              |

\* For identification purpose only

## CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 March 2006

|   | (Unaudited)<br>31 March<br>2006<br>HK\$'000 | (Audited)<br>30 September<br>2005<br>HK\$'000 |
|---|---|---|
| <b>NON-CURRENT ASSETS</b>                                       |   |   |
| Property, plant and equipment                                   | 95,118                                      | 90,247  |
| Goodwill  | 1,313                                       | 1,313   |
| Available-for-sale investment                                   | 25,239                                      | 25,239  |
| Interest in associates  | 339,256                                     | 339,042                                       |
| Loan receivable   | 51,616                                      | 51,562  |
|   | <u>512,542</u>                              | <u>507,403</u>                                |
| <b>CURRENT ASSETS</b>   |   |   |
| Inventories   | 897   | 1,181   |
| Trade receivables   | 1,844                                       | 1,624   |
| Deposits, prepayment and other receivables                      | 9,875                                       | 11,213  |
| Pledged bank deposits   | 717   | 708   |
| Cash and bank balances  | 198,180                                     | 189,965                                       |
|   | <u>211,513</u>                              | <u>204,691</u>                                |
| <b>CURRENT LIABILITIES</b>                                      |   |   |
| Trade payables  | 410   | 156   |
| Other payables and accruals                                     | 3,122                                       | 4,996   |
|   | <u>3,532</u>                                | <u>5,152</u>                                  |
| <b>NET CURRENT ASSETS</b>                                       | <u>207,981</u>                              | <u>199,539</u>                                |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                    | <u>720,523</u>                              | <u>706,942</u>                                |
| <b>NON-CURRENT LIABILITIES</b>                                  |   |   |
| Loans from minority shareholders                                | 15,406                                      | 26,208  |
| <b>NET ASSETS</b>   | <u>705,117</u>                              | <u>680,734</u>                                |
| <b>CAPITAL AND RESERVES</b>                                     |   |   |
| Issued capital  | 19,045                                      | 19,045  |
| Reserves  | 644,211                                     | 630,454                                       |
| <b>EQUITY ATTRIBUTABLE TO EQUITY<br/>HOLDERS OF THE COMPANY</b> |   |   |
|   | <u>663,256</u>                              | <u>649,499</u>                                |
| Minority Interests  | 41,861                                      | 31,235  |
| <b>TOTAL EQUITY</b>   | <u>705,117</u>                              | <u>680,734</u>                                |

Notes:

### 1. GROUP REORGANISATION AND BASIS OF PRESENTATION

The Company was incorporated as an exempted company with limited liability in Bermuda on 27 May 2004 under the Companies Act (1981) of Bermuda and is listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Macau Success (Hong Kong) Limited ("MSHK"), the former holding company of the Group which was previously listed on the Stock Exchange, put forward a group reorganisation plan (the "Group Reorganisation"). Pursuant to the Group Reorganisation, a scheme of arrangement dated 27 August 2004 which was sanctioned by the Court of First Instance of the High Court, Hong Kong on 29 October 2004 became effective on 8 November 2004, the following events took place:

- i) simultaneously:
  - the entire issued share capital of MSHK was reduced by cancelling and extinguishing all the 1,587,464,233 shares in issue (the "Scheme Shares");
  - MSHK applied part of the credit arising as a result of the capital reduction to pay up in full at par the 10,000,000 new shares allotted and issued, credited as fully paid, to the Company such that MSHK became a wholly-owned subsidiary of the Company and transferred the remaining credit to the distributable reserve account of MSHK;
  - the authorised share capital of MSHK was reduced to HK\$100,000 divided into 10,000,000 shares held by the Company;
- ii) the share premium account of MSHK was reduced, cancelled and applied to set off against the accumulated losses of MSHK and the remaining credit thereof was transferred to the distributable reserve account; and
- iii) the shareholders of the 1,587,464,233 shares of MSHK received on the basis of one share of the Company for every one share of MSHK in consideration for the cancellation of their Scheme Shares.

Upon the completion of the Group Reorganisation, the Company was became the holding company of MSHK and its subsidiaries. MSHK was then delisted from the Stock Exchange on 8 November 2004, and the Company was listed on the Stock Exchange on 9 November 2004 in its place by way of introduction.

The Group Reorganisation involved companies under common control, and for accounting purpose, the Company and its acquired subsidiaries are regarded and accounted for as a continuing group. Accordingly, the condensed consolidated financial statements have been prepared using the merger basis of accounting as if the Company had always been the holding company of the Group. On this basis, the Company has been treated as the holding company of its subsidiaries for the financial periods presented or since their dates of incorporation if these are shorter periods, rather than from the subsequent date of acquisition of the subsidiaries. The comparative condensed consolidated results and cash flows of the Group for the six months ended 31 March 2005 include the results and cash flows of the Company and its subsidiaries with effect from 1 October 2004 or since their respective dates of incorporation, where these are shorter periods.

In the opinion of the directors, the condensed consolidated financial statements prepared on this basis present more fairly the comparative results, cash flows and financial position of the Group as a whole.

## 2. ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the HKICPA.

The condensed consolidated financial statements have been prepared under the historical cost basis except for the revaluation of an associate's property at fair value.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 September 2005.

## 3. TURNOVER AND SEGMENT INFORMATION

The Group's turnover and results for the six months ended 31 March 2006 analysed by business segments and geographical segments are as follows:

### a) Business segments

*For the six months ended 31 March 2006*

|                                | Cruise leasing<br>and management<br>HK\$'000 | Travel<br>HK\$'000 | Consolidated<br>HK\$'000 |
|--------------------------------|--|--------------------|--------------------------|
| Turnover                       | 47,660                                       | 3,281              | 50,941                   |
| Other revenue                  | 26   | 35                 | 61                       |
|                                | <u>47,686</u>                                | <u>3,316</u>       | <u>51,002</u>            |
| Segment results                | <u>23,973</u>                                | <u>(203)</u>       | 23,770                   |
| Unallocated corporate income   |  |                    | 10,214                   |
| Unallocated corporate expenses |  |                    | (9,618)                  |
| Profit from operations         |  |                    | 24,366                   |
| Share of results of associates |  |                    | 17                       |
| Profit before taxation         |  |                    | <u>24,383</u>            |

*For the six months ended 31 March 2005*

|                                | Cruise leasing<br>and management<br>HK\$'000 | Travel<br>HK\$'000 | Consolidated<br>HK\$'000 |
|--------------------------------|--|--------------------|--------------------------|
| Turnover                       | 47,591                                       | 2,781              | 50,372                   |
| Other revenue                  | 6  | 18                 | 24                       |
|                                | <u>47,597</u>                                | <u>2,799</u>       | <u>50,396</u>            |
| Segment results                | <u>22,747</u>                                | <u>(395)</u>       | 22,352                   |
| Unallocated corporate income   |  |                    | 403                      |
| Unallocated corporate expenses |  |                    | (7,113)                  |
| Profit from operations         |  |                    | 15,642                   |
| Finance costs                  |  |                    | (97)                     |
| Share of result of associates  |  |                    | (6)                      |
| Profit before taxation         |  |                    | <u>15,539</u>            |

**b) Geographical segments**

|   | For the six months ended 31 March |               |                 |               |
|---|-----------------------------------|---------------|-----------------|---------------|
|   | Turnover                          |               | Segment results |               |
|   | 2006                              | 2005          | 2006            | 2005          |
|   | HK\$'000                          | HK\$'000      | HK\$'000        | HK\$'000      |
| Hong Kong                                   | 3,281                             | 2,781         | (192)           | (380)         |
| South China Sea, other than in<br>Hong Kong | 47,660                            | 47,591        | 23,973          | 22,747        |
| Macau                                       | –                                 | –             | (11)            | (15)          |
|   | <u>50,941</u>                     | <u>50,372</u> | <u>23,770</u>   | <u>22,352</u> |

**4. PROFIT FROM OPERATIONS**

Profit from operations is arrived at after (crediting)/charging the following:

|   | For the six months ended<br>31 March |          |
|---|--------------------------------------|----------|
|   | 2006                                 | 2005     |
|   | HK\$'000                             | HK\$'000 |
| <b>Crediting:</b>   |                                      |          |
| Dividend from available-for-sale investment   | (1,133)                              | –        |
| Interest income   | (8,177)                              | (411)    |
| <b>Charging:</b>  |                                      |          |
| Auditors' remuneration  | 97                                   | 63       |
| Depreciation  | 3,435                                | 3,222    |
| Loss on disposal of property, plant and equipment   | 2                                    | –        |
| Operating lease rentals   |                                      |          |
| – land and buildings  | 694                                  | 620      |
| – plant and machinery   | 10                                   | 2        |
| Staff costs including contribution of retirement scheme<br>of HK\$229,000 (2005: HK\$195,000) | 14,272                               | 13,185   |

**5. FINANCE COSTS**

|   | For the six months ended<br>31 March |          |
|---|--------------------------------------|----------|
|   | 2006                                 | 2005     |
|   | HK\$'000                             | HK\$'000 |
| Interest expenses on:                               |                                      |          |
| Other borrowings wholly repayable within five years | –                                    | 97       |

**6. TAXATION**

No Hong Kong profits tax and taxation arising in other jurisdiction, in which the subsidiaries operate, have been provided for the six months ended 31 March 2006 as the Group has no estimated assessable profits for the period (for the six months ended 31 March 2005: HK\$Nil).

**7. INTERIM DIVIDEND**

|  | For the six months ended<br>31 March |          |
|--|--------------------------------------|----------|
|  | 2006                                 | 2005     |
|  | HK\$'000                             | HK\$'000 |
| Interim dividend of HK0.15 cents (2005: HK\$Nil) per share | 3,209                                | –        |

The interim dividend for the six months ended 31 March 2006 was based on approximately of 2,139,464,000 shares in issued on 12 July 2006. The interim dividend has not been recognised as a liability as at the balance sheet date.

**8. EARNINGS PER SHARE**

The calculation of the basic earnings per share is based on the profit attributable to equity holder of the Company for the six months ended 31 March 2006 of approximately HK\$13,757,000 (for the six months ended 31 March 2005: HK\$5,321,000) and on the weighted average number for the six months ended 31 March 2006 of 1,904,464,233 (for the six months ended 31 March 2005: 1,834,793,903) ordinary shares in issue during the period.

There was no dilution effect on the basic earnings per share for the six months ended 31 March 2006 and 31 March 2005 respectively as there were no dilutive instruments outstanding during both periods.

**MANAGEMENT DISCUSSION AND ANALYSIS  
RESULTS**

With stable revenue stream and effective cost control measures, turnover and gross profit of the Group for the six months ended 31 March 2006 were in line with the management's expectation. Total turnover of the Group remained at more or less the same level as last year at approximately HK\$50.9 million (2005: approximately HK\$50.4 million), and gross profit was approximately HK\$47.6 million (2005: approximately HK\$47.2 million). However, boosted by the interest income from our loan arrangement with King Seiner Palace Promotor De Jogos, Limitada ("King Seiner"), profit attributable to shareholders surged 160% to approximately HK\$13.8 million (2005: approximately HK\$5.3 million). Earnings per share were HK0.72 cents (2005: HK0.29 cents), representing an increase of 148%.

The Group's core business continued to contribute stable income during the period under review. Turnover and profitability from our cruise business remained stable compared to the same period last year. On the other hand, our travel business underwent a moderate growth in turnover. Loan interest income from King Seiner amounted to approximately HK\$5.0 million, which contributed significantly to the strong growth of bottom line of the Group.

#### **INTERIM DIVIDEND**

Directors of the Company (the "Directors") have resolved to declare an interim dividend of HK0.15 cents (2005: HK\$Nil) per share for the six months ended 31 March 2006 to shareholders of the Company whose name appear on the register of members of the Company as at the close of business on Wednesday, 12 July 2006. The interim dividend is expected to be paid to shareholders of the Company by post on or around Monday, 24 July 2006.

#### **REVIEW OF OPERATIONS**

##### **Cruise Business**

During the period under review, our cruise business remained the principal revenue contributor for the Group and continued to generate a stable income stream with steady growth. The leasing and management of our cruise, M.V. Macau Success, accounted for 94% of our total turnover.

During the period, turnover from the cruise business remained more or less the same as last year at approximately HK\$47.7 million (2005: approximately HK\$47.6 million). Segment profit from this business was approximately HK\$24.0 million (2005: approximately HK\$22.7 million).

The cruise business not only contributed a stable income to the Group but also provided tremendous synergy to our overall business and is a key part of our strategy to develop into a strong gaming and entertainment-related business group.

##### **Travel Business**

The travel business recorded a turnover of approximately HK\$3.3 million during the period under review, representing an increase of 18% (2005: approximately HK\$2.8 million), and accounting for 6% of the total turnover. With the increase in revenue and effective cost optimisation measures, the segment loss of this business was narrowed to approximately HK\$0.2 million. The Group will continue to focus on optimising this business and aim to turning it around in the very near future.

Although a smaller piece of business within the Group, it is the Group's strategy to continue to develop the travel business into a unique platform to provide professional travel services to high-end customers and direct traffic to M.V. Macau Success, the Company's flagship cruise.

##### **Others**

###### *King Seiner Loan Arrangement*

Our Group's loan agreement of HK\$50 million, signed by an indirect wholly-owned subsidiary, Joyspirit Investments Limited ("Joyspirit"), with King Seiner on 7 March 2005, has begun to make a positive impact on our Group's performance. Under the agreement, our Group is entitled to a guaranteed and stable stream of interest revenue equaling to 20% of the HK\$50 million loan annually subject to an upward adjustment to a maximum of 18% of King Seiner's profit. During the period under review, loan interest income generated from King Seiner amounted to HK\$5.0 million.

The Management expects to see the full impact of the King Seiner loan agreement by the end of the current financial year but is optimistic that it will contribute significantly to the Group's profit.

Also, the loan agreement carries an option deed whereby King Seiner shall issue 20% of its enlarged share capital to Joyspirit at a price of 20% of not more than 4 times of the profit of King Seiner. Joyspirit has the right to exercise this option at any time during the 57 months from the date of the commencement of the loan agreement and after fulfilling certain conditions of the option deed. The Management will keep close track of the financial performance of King Seiner and decide if and when Joyspirit would exercise the option.

#### **FINANCIAL REVIEW**

##### **Pledge of Assets**

As at 31 March 2006, the Group has pledged time deposits of approximately HK\$0.7 million (30 September 2005: approximately HK\$0.7 million) to certain banks for issuance of several bank guarantees of approximately HK\$0.7 million (30 September 2005: approximately HK\$0.7 million) for operations of the Group.

##### **Contingent Liabilities**

As at 31 March 2006, the Group had no contingent liability (30 September 2005: HK\$Nil).

##### **Liquidity, Financial Resources and Gearing**

As at 31 March 2006, the Group had net current assets of approximately HK\$208.0 million (30 September 2005: approximately HK\$199.5 million) and had net assets of approximately HK\$705.1 million (30 September 2005: approximately HK\$680.7 million).

As at 31 March 2006, the Group did not have any interest-bearing borrowings (30 September 2005: HK\$Nil), and had no obligations under finance leases (30 September 2005: HK\$Nil).

As at 31 March 2006, there were loans from minority shareholders of approximately HK\$15.4 million (30 September 2005: approximately HK\$26.2 million), which is interest-free, unsecured and without fixed repayment term.

As at 31 March 2006, the Group had no bank loan (30 September 2005: HK\$Nil).

Shareholders' funds of the Group as at 31 March 2006 recorded a surplus of approximately HK\$663.3 million (30 September 2005: approximately HK\$649.5 million). Accordingly, the gearing ratio which is measured on the basis of the Group's total interest-bearing borrowings over the shareholders' funds was not applicable for this period (2005: Nil).

### **Capital Structure**

Subsequent to the period, Silver Rich Macau Development Limited ("Silver Rich"), a substantial shareholder of the Company, entered into a placing agreement (the "Placing Agreement") and a subscription agreement (the "Subscription Agreement") with Grand Vinco Capital Limited (the "Placing Agent") and the Company respectively on 12 April 2006. Pursuant to the Placing Agreement, the Placing Agent agreed to place, on a best efforts basis, 235,000,000 shares of the Company (the "Shares") to not less than six independent placees at a price of HK\$1.09 per Share (the "Placing"). Pursuant to the Subscription Agreement, Silver Rich conditionally agreed to subscribe for 235,000,000 new Shares at a price of HK\$1.09 per Share. The Placing and the Subscription were completed on 19 April 2006 and 25 April 2006 respectively. Upon the completion of the Placing and the Subscription, shareholding of Silver Rich was decreased from approximately 40.72% to approximately 36.25%. The net proceeds derived from the Subscription amounted to approximately HK\$252 million will be used for general working capital for the Group.

### **Staffing**

As at 31 March 2006, the Group had approximately 340 employees. Remuneration policy is determined by reference to their qualifications, experiences, responsibility and performance of the staff concerned. Apart from the basic remuneration, staff benefits include medical insurance and retirement benefits under Mandatory Provident Fund Scheme. Share options may also be granted to eligible employees of the Group.

### **PROSPECTS**

Looking ahead, the Management expected the cruise and travel businesses would continue to contribute a steady income to the Group, providing a sound base for it to fully exploit the business opportunities of Macau.

The Management of the Group is most optimistic about the future economic growth of Macau and the potential it brings to the Group. According to the Macau SAR Government, the number of tourists visited Macau in the first quarter of 2006 reached 5,248,000, risen by 18% over the corresponding period in 2005. Gaming revenue reached US\$1,584 million for the first quarter of 2006, increased by 16% compared to the last corresponding period. This provides a very favourable backdrop to the development of the Group's flagship project – Ponte 16.

#### **Ponte 16**

As part of the Group's continuing initiatives to further solidify its position in hotel, casino and property related businesses in Macau, we have strategically increased our stake in our flagship project – Ponte 16 to 36.75% in July 2005. Pier 16 – Property Development Limited ("Pier 16 – Property Development") is an associated company of the Group and was held 51%, 36.75% and 12.25% by SJM's wholly-owned subsidiary, SJM – Investimentos Limitada, Macau Success's indirect wholly-owned subsidiary, World Fortune Limited and Joy Idea Investments Limited respectively.

Ponte 16 is a multi-functional, integrated resort consisted of hotel, retail, F&B, recreational facilities, and casino (subject to Macau SAR Government's approval). The development is embedded in the historical heritage of Macau with its location being a historic site itself – the Pier 16 that commenced operation in the beginning of the last century.

In the past few months, the Group has successfully completed a number of major milestones of the development of Ponte 16 into one of Macau's most sophisticated and attractive casino and leisure landmark.

In February 2006, Pier 16 – Property Development announced the appointment of AAPC Hong Kong Limited (trading as "Accor Asia Pacific") ("Accor"), a well-known hotel management company of France and one of the world's largest hotel and tourism companies, to manage the hotel facilities of the Ponte 16 complex under Accor's deluxe brand "Sofitel". The new hotel will operate under the name Sofitel Macau @ Ponte 16. We believe with Accor's experience in international hotel management and the hotel's top dining and entertainment facilities, Sofitel Macau @ Ponte 16 will bring prosperity back to the Inner Harbor district of Macau, revitalize the old district into a dynamic waterfront and will foster the growth of tourism of Macau.

The Group also announced the approval of increased Gross Floor Area in April 2006 from 63,584 square metres to 126,500 square metres by the Macau SAR Government. This allows the project to wield a much higher business value to the Group. With the expanded Gross Floor Area, the total investment of the project will be increased to approximately HK\$2.4 billion. The construction of Ponte 16 is now in full swing with the casino targeting operation by the second quarter of 2007 and the rest of the facilities to be completed by early 2008.

The Group also underwent two major corporate developments in the months after the interim period that would yield significant and positive effects. On 10 April 2006, the Group announced that Joy Idea Investments Limited, has acquired 120,000,000 shares of the Group from the existing shareholdings of Mr. William Chan's family and became a strategic shareholder of Macau Success, holding a 5.6% stake. Joy Idea Investments Limited is one of the partners of the Ponte 16 development with a 12.25% stake.

At the same time, the Group also finished a placement of 235,000,000 shares on 12 April 2006, successfully raising a total of HK\$252 million as general working capital. This exercise has greatly broadened the shareholder structure of the Group and strengthened our financial base, allowing us ample financial resources to develop our key projects and capture new business opportunities that would help us deliver stronger earnings to our shareholders.

## **Conclusion**

With our steady business growth, enlarged revenue base and strengthened financial resources, Macau Success is well-positioned to capitalise on the lucrative opportunities available in the gaming and entertainment industry in Macau. Further afield, our vision is to become one of the leading gaming and entertainment-related companies in the region and as such will continue to explore further opportunities for development in Macau and beyond.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from Monday, 10 July 2006 to Wednesday, 12 July 2006, both days inclusive, during which period no share transfer will be registered. In order to qualify for the interim dividend, all transfer forms together with relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration by no later than 4:00 p.m. on Friday, 7 July 2006.

## **CORPORATE GOVERNANCE**

### **Code on Corporate Governance Practices**

In the corporate governance report which was published in our Annual Report 2005 dated 10 January 2006 (the "CG Report"), we reported that the Company had adopted Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules (the "CG Code"), save for few deviations specified and explained therein.

In this announcement, we state the progress on bringing into compliance the two deviations from the CG Code which we reported in the CG Report:–

1. At our annual general meeting held on 28 February 2006, resolutions in respect of the amendments to the Bye-laws of the Company have been passed. It brought the Company into fully compliance with Code Provision A4.2 under the CG Code.

Pursuant to bye-law 86(2) of the Bye-laws of the Company, any Directors appointed to fill a casual vacancy should be subject to election by shareholders of the Company at the next following general meeting of the Company after their appointment.

Pursuant to bye-law 87(1) of the Bye-laws of the Company, at each annual general meeting of the Company one-third of the Directors shall retire from office by rotation at least once every three years.

2. For Code Provision C.2, the Company is in the course of negotiation with an independent auditor in respect of engaging them to review the effectiveness of internal control system of the Company in order to ensure the maintenance of proper financial accounting policies and practices; the compliance with relevant legislations and regulations; and the effectiveness of risk management function. The above mentioned negotiation has reached a final stage and the Audit Committee is committed to ensure the objectivity and credibility of the internal control procedures.

Results of the engagement of independent auditors and annual review of the internal control system will be reported in the forthcoming CG Report.

Save as above, none of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not during the six months ended 31 March 2006, in compliance with the CG Code.

### **Model Code for Securities Transactions by Directors**

The Company has adopted a code of conduct (the "Code of Conduct") regarding securities transactions by Directors on terms no less exacting than the required standard of the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code").

Having made specific enquiry of all Directors, each of whom has complied with the required standard set out in the Model Code and the Code of Conduct regarding securities transactions by the Directors.

### **Independent Non-executive Directors**

Pursuant to Rules 3.10(1) and 3.10(2) of the Listing Rules, the Company has appointed three independent non-executive Directors, of whom Mr. Yim Kai Pung is an associate member of Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants of the United Kingdom. He has over 16 years of experience in auditing, taxation and provision of finance consultancy services for companies in Hong Kong and the PRC.

### **Audit Committee**

The Company has set up an audit committee (the "Audit Committee") which comprises Mr. Choi Kin Pui, Russelle, the non-executive Director, Mr. Luk Ka Yee, Patrick, Mr. Yim Kai Pung and Ms. Yeung Mo Sheung, Ann, the independent non-executive Directors, with terms of reference prepared based on "A Guide for Effective Audit Committee" published by the Hong Kong Institute of Certified Public Accountants. The Audit Committee is chaired by Mr. Yim Kai Pung. The principal duties of the Audit Committee are to ensure the objectivity and credibility of financial reporting and internal control procedures as well as to maintain an appropriate relationship with the external auditors of the Company.

### **Remuneration Committee**

The Company has also set up a remuneration committee (the "Remuneration Committee") which comprises Mr. Chan William, the executive Director, Mr. Choi Kin Pui, Russelle, the non-executive Director, Mr. Luk Ka Yee, Patrick, Mr. Yim Kai Pung and Ms. Yeung Mo Sheung, Ann, the independent non-executive Directors, with terms of reference adopted by the Board on 31 March 2006. The Remuneration Committee is chaired by Mr. Chan William. The principal duties of the Remuneration Committee are to review and determine the remuneration package of the Directors and senior management of the Group.

**Review of Interim Results**

The unaudited results for the six months ended 31 March 2006 have been reviewed by the Audit Committee and Messrs. CCIF CPA Limited which were of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

**PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the period, there was no purchase, sale or redemption by the Company, or any of its subsidiaries of the listed securities of the Company.

**PUBLICATION OF INFORMATION ON STOCK EXCHANGE'S WEBSITE**

A detailed interim results announcement containing all information required by paragraph 46(1) to 46(6) of Appendix 16 of the Listing Rules will be published on the Stock Exchange's website in due course.

As at the date of this announcement, the Board comprises:

*Executive Directors:*

Mr. Yeung Hoi Sing, Sonny

Mr. Chan William

Mr. Lee Siu Cheung

*Non-executive Director:*

Mr. Choi Kin Pui, Russelle

*Independent Non-executive Directors:*

Mr. Luk Ka Yee, Patrick

Mr. Yim Kai Pung

Ms. Yeung Mo Sheung, Ann

By Order of the Board  
**Macau Success Limited**  
**Yeung Hoi Sing, Sonny**  
*Chairman*

Hong Kong, 22 June 2006