



MACAU SUCCESS LIMITED

澳門實德有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 0487)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2007

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 2007 together with comparative figures are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31 MARCH 2007

		(Unaudited)	
		For the six months ended	
		31 March	
		2007	2006
	Notes	HK\$'000	HK\$'000
TURNOVER	2	52,845	50,941
Cost of sales		(5,083)	(3,292)
		<hr/>	<hr/>
Gross profit		47,762	47,649
Other revenue		10,504	10,275
		<hr/>	<hr/>
		58,266	57,924
Administrative expenses		(42,278)	(33,558)
		<hr/>	<hr/>
PROFIT FROM OPERATIONS	3	15,988	24,366
Share of results of associates		(607)	17
		<hr/>	<hr/>
Profit before taxation		15,381	24,383
Income tax	4	–	–
		<hr/>	<hr/>
PROFIT FOR THE PERIOD		15,381	24,383
		<hr/> <hr/>	<hr/> <hr/>

* For identification purpose only

ATTRIBUTABLE TO:			
Equity shareholders of the Company		6,700	13,757
Minority interests		8,681	10,626
		<hr/>	<hr/>
PROFIT FOR THE PERIOD		15,381	24,383
		<hr/>	<hr/>
INTERIM DIVIDEND	5	–	3,209
		<hr/>	<hr/>
EARNINGS PER SHARE			
– Basic	6	HK0.31 cents	HK0.72 cents
		<hr/>	<hr/>
– Diluted		N/A	N/A
		<hr/>	<hr/>

CONDENSED CONSOLIDATED BALANCE SHEET
AT 31 MARCH 2007

		(Unaudited) 31 March 2007 <i>Notes</i>	(Audited) 30 September 2006
		<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		91,614	91,536
Goodwill		1,313	1,313
Available-for-sale investment		25,239	25,239
Interest in associates		800,686	376,015
		<hr/>	<hr/>
		918,852	494,103
CURRENT ASSETS			
Inventories		1,353	1,178
Trade and other receivables	7	16,202	13,509
Pledged bank deposits		740	729
Cash and bank balances		107,046	468,876
		<hr/>	<hr/>
		125,341	484,292
CURRENT LIABILITIES			
Trade and other payables	8	8,464	6,047
Tax payable		157	157
		<hr/>	<hr/>
		8,621	6,204
NET CURRENT ASSETS		116,720	478,088
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,035,572	972,191
NON-CURRENT LIABILITIES			
Loans from minority shareholders		5,056	5,056
Deferred tax liabilities		215	215
		<hr/>	<hr/>
		5,271	5,271
NET ASSETS		1,030,301	966,920
		<hr/>	<hr/>

CAPITAL AND RESERVES

Share capital	21,995	21,395
Reserves	959,321	905,221

**EQUITY ATTRIBUTABLE TO EQUITY
SHAREHOLDERS OF THE COMPANY**

Minority Interests	981,316	926,616
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TOTAL EQUITY

	48,985	40,304
	1,030,301	966,920

Notes:

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure provision of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and compliance with Hong Kong Accounting Standard (“HKAS”) 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 30 September 2006.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), which term collectively includes all applicable individual Hong Kong Financial Reporting Standards, HKASs and interpretations issued by the HKICPA, that are effective for accounting periods beginning on or after 1 October 2006. The adoption of these new and revised HKFRSs did not result in significant changes to the accounting policies applied by the Company and the Group in the condensed consolidated financial statements for the period presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 9).

The preparation of the condensed consolidated financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The condensed consolidated financial statements contain selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group and the Group’s interest in associates since the annual financial statements for the year ended 30 September 2006. The condensed consolidated financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

2. TURNOVER AND SEGMENT INFORMATION

The Group's turnover and results for the six months ended 31 March 2007 analysed by business segments and geographical segments are as follows:

a) Business segments

For the six months ended 31 March 2007

	Cruise leasing and management HK\$'000	Travel HK\$'000	Consolidated HK\$'000
Turnover	47,901	4,944	52,845
Other revenue	27	26	53
	<u>47,928</u>	<u>4,970</u>	<u>52,898</u>
Segment results	<u>19,609</u>	<u>(354)</u>	19,255
Unallocated corporate income			10,451
Unallocated corporate expenses			<u>(13,718)</u>
Profit from operations			15,988
Share of results of associates			<u>(607)</u>
Profit before taxation			<u>15,381</u>

For the six months ended 31 March 2006

	Cruise leasing and management HK\$'000	Travel HK\$'000	Consolidated 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			<u>(9,618)</u>
Profit from operations			24,366
Share of results of associates			<u>17</u>
Profit before taxation			<u>24,383</u>

b) Geographical segments

	For the six months ended 31 March			
	Turnover		Segment results	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	4,944	3,281	(348)	(192)
South China Sea, other than in Hong Kong	47,901	47,660	19,609	23,973
Macau	–	–	(6)	(11)
	<u>52,845</u>	<u>50,941</u>	<u>19,255</u>	<u>23,770</u>

3. PROFIT FROM OPERATIONS

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

	For the six months ended 31 March	
	2007	2006
	HK\$'000	HK\$'000
Crediting:		
Dividend from available-for-sale investment	(1,133)	(1,133)
Interest income	(6,922)	(8,177)
Charging:		
Auditor's remuneration	110	97
Depreciation	4,131	3,435
Loss on disposal of property, plant and equipment	23	2
Operating lease rentals		
– land and buildings	1,588	694
– plant and machinery	20	10
Staff costs (including contribution of retirement scheme of HK\$297,000 (2006: HK\$229,000))	17,375	14,272

4. INCOME TAX IN THE INCOME STATEMENT

No Hong Kong profits tax and taxation arising in other jurisdiction, in which the subsidiaries operate, has been provided for the six months ended 31 March 2007 as the Group has no estimated assessable profits for the period (for the six months ended 31 March 2006: HK\$Nil).

5. DIVIDEND

The directors of the Company do not recommend any payment of interim dividend for the six months ended 31 March 2007 (2006: HK0.15 cents per share).

No dividend payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the interim period.

6. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the equity shareholders of the Company is based on the following data:

	For the six months ended 31 March	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Earnings		
Earnings for the purpose of basic earnings per share	<u>6,700</u>	<u>13,757</u>

	For the six months ended 31 March	
	2007	2006
Number of shares		
Weighted average number of the shares for the purpose of basic earnings per share	<u>2,149,684,013</u>	<u>1,904,464,233</u>

There was no dilution effect on the basic earnings per share for the six months ended 31 March 2007 and 31 March 2006 respectively as there were no dilutive instruments outstanding during both periods.

7. TRADE AND OTHER RECEIVABLES

	31 March 2007	30 September 2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	670	1,972
Deposits, prepayment and other receivables	<u>15,532</u>	<u>11,537</u>
	<u>16,202</u>	<u>13,509</u>

All of the trade and other receivables are expected to be recovered within one year.

Included in trade and other receivables are trade debtors with the following aging analysis as at the balance sheet date:

	31 March 2007	30 September 2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current to 30 days	580	1,924
31 to 60 days	47	4
61 to 90 days	13	9
Over 90 days	<u>30</u>	<u>35</u>
	<u>670</u>	<u>1,972</u>

The Group normally allows a credit period of 30 days (2006: 30 days).

8. TRADE AND OTHER PAYABLES

	31 March 2007 HK\$'000	30 September 2006 HK\$'000
Trade payables	399	229
Other payables and accruals	8,065	5,818
	<u>8,464</u>	<u>6,047</u>

All of the trade and other payables are expected to be settled within one year.

Included in trade and other payables are trade creditors with the following aging analysis as at the balance sheet date:

	31 March 2007 HK\$'000	30 September 2006 HK\$'000
Current to 30 days	387	217
31 to 60 days	–	1
61 to 90 days	–	–
Over 90 days	12	11
	<u>399</u>	<u>229</u>

9. POSSIBLE IMPACT OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE PERIOD ENDED 31 MARCH 2007

The Board has not early applied the following new standards, amendments and interpretations that have been issued but are not yet effective. The Board anticipates that the application of these standards, amendments or interpretations will have no material impacts on the financial statements of the Board.

HKAS 1 (Amendment)	Capital Disclosures ¹
HKFRS 7	Financial Instruments: Disclosures ¹
HKFRS 8	Operating Segments ²
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment ³
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions ⁴
HK(IFRIC)-Int 12	Service Concession Arrangements ⁵

¹ Effective for annual periods beginning on or after 1 January 2007

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

³ Effective for annual periods beginning on or after 1 November 2006

⁴ Effective for annual periods beginning on or after 1 March 2007

⁵ Effective for annual periods beginning on or after 1 January 2008

MANAGEMENT DISCUSSION AND ANALYSIS

Results

For the period under review, turnover of the Group was approximately HK\$52.8 million, representing an approximately 3.7% increase as compared to the last corresponding period (2006: approximately HK\$50.9 million). Gross profit was approximately HK\$47.8 million (2006: approximately HK\$47.6 million). Profit attributable to equity shareholders decreased by 51.4% to approximately HK\$6.7 million (2006: approximately HK\$13.8 million). Earnings per share for the period were HK0.31 cents (2006: HK0.72 cents).

The Group's core business continued to contribute stable income during the period under review. With a moderate growth in turnover, the performance of our cruise business remained stable. At the same time, our travel business also had a remarkable increase in turnover. The Group's profitability was lower than that of the last corresponding period due to an increase in rental and staff costs.

Interim Dividend

The directors of the Company (the "Director(s)") do not recommend the payment of interim dividend for the six months ended 31 March 2007 (2006: HK0.15 cents per share).

Review of Operations

Cruise Business

During the period under review, our cruise business continued to be the major contributor for the Group's revenue. The business had continuously generated a stable source of income for years. The leasing and management of our cruise, M.V. Macau Success, accounted for 90.7% of the Group's total turnover.

Turnover from the cruise business was approximately HK\$47.9 million (2006: approximately HK\$47.7 million). Segment profit from the business amounted to approximately HK\$19.6 million (2006: approximately HK\$24.0 million).

In addition to providing a stable income to the Group, the cruise business also played a key role in our strategy to develop into a strong gaming and entertainment-related business group because of its synergy effect on our overall business.

Travel Business

During the period under review, turnover from the travel business recorded approximately HK\$4.9 million, representing an increase of 48.5% (2006: approximately HK\$3.3 million) and accounting for approximately 9.3% of the Group's total turnover. Segment loss from the business was approximately HK\$0.4 million (2006: approximately HK\$0.2 million).

Although this area is not a substantial part of the overall business within the Group, it is the Group's strategy to continue to develop the travel business into a unique platform, providing professional travel services to high-end customers and direct traffic to the Group's flagship cruise, M.V. Macau Success.

Financial Review

Pledge of Assets

As at 31 March 2007, the Group has pledged time deposit of approximately HK\$0.7 million (30 September 2006: approximately HK\$0.7 million) to certain banks for issuance of several bank guarantees of approximately HK\$0.7 million (30 September 2006: approximately HK\$0.7 million) for operations of the Group.

Contingent Liabilities

As at 31 March 2007, the Group had no contingent liability (30 September 2006: HK\$Nil).

Liquidity, Financial Resources and Gearing

As at 31 March 2007, the Group had net current assets of approximately HK\$116.7 million (30 September 2006: approximately HK\$478.1 million) and had net assets of approximately HK\$1,030.3 million (30 September 2006: approximately HK\$966.9 million).

As at 31 March 2007, the Group did not have any interest-bearing borrowings and financial lease obligations (30 September 2006: HK\$Nil).

As at 31 March 2007, there were loans from minority shareholders of approximately HK\$5.1 million (30 September 2006: approximately HK\$5.1 million). The loans are interest-free, unsecured and do not have fixed repayment terms.

The Group did not have any bank loan as at 31 March 2007 (30 September 2006: HK\$Nil).

Equity attributable to equity shareholders of the Company as at 31 March 2007 was approximately HK\$981.3 million (30 September 2006: approximately HK\$926.6 million). Accordingly, the gearing ratio which is measured on the basis of the interest-bearing borrowings of the Group over equity attributable to equity shareholders of the Company was not applicable for this period and last period.

Acquisition of Additional Interest in Ponte 16

On 30 November 2006, the Group, through an indirect wholly-owned subsidiary of the Company, World Fortune Limited (“World Fortune”), entered into a Sale and Purchase Agreement with Joy Idea Investments Limited (“Joy Idea”) regarding the acquisition of 12.25% equity interest in and the related loan to Pier 16 – Property Development Limited, which is responsible for the development of the Group’s flagship project – Ponte 16 (“Ponte 16”), from Joy Idea at an aggregate consideration of HK\$200 million. The consideration was settled by HK\$152 million in cash from internal resources and HK\$48 million from the allotment and issue of 60,000,000 new shares of the Company, at an agreed issued price of HK\$0.80 per share. On 28 February 2007, the acquisition was completed and 60,000,000 shares of the Company had been issued to Joy Idea. Ponte 16 is now 51% and 49% owned by SJM – Investimentos Limitada and World Fortune respectively.

Staffing

As at 31 March 2007, the Group had approximately 360 employees. Remuneration is determined by reference to qualifications, experience, responsibility and performance. Apart from the basic remuneration, staff benefits include medical insurance and retirement benefits under the Mandatory Provident Fund Scheme. Share options might also be granted to eligible employees of the Group as a long-term incentive.

Prospects

The management is positive towards the Group's future. In addition to the cruise and travel businesses which have been generating stable income for years, Ponte 16 is expected to bring substantial revenue when it opens in the second half of 2007.

The management has great confidence on the future economic growth and the tourist industry of Macau as well as the opportunities brought by the enclave to the Group. According to the Macau SAR Government, the number of tourists visited Macau in the first quarter of 2007 reached 6,369,664, increased by 21.4% over the corresponding period in 2006. As over 50% of the tourists are from the mainland, the economic development in China will further enhance Macau's economy. Gaming revenue reached MOP17.9 billion for the first quarter of 2007. The booming economy and flourishing tourism in Macau is going to provide a favourable environment for the development of Ponte 16.

Ponte 16

Ponte 16 is a world-class integrated resort comprising a five-star hotel, casino (subject to Macau SAR Government's approval), shopping arcade, food and beverage functions as well as recreational facilities. Featuring a unique Southern European theme, the development is located at Pier 16, which commenced operation in the beginning of the last century and has now become a famous historical landmark. Also, the two-minute ferry connection between Ponte 16 and Zhuhai has provided a convenient alternative for tourists.

The Group has accomplished a number of milestones since the debut of the project. In October 2005, the preliminary design of Ponte 16 was confirmed. The Jerde Partnership, Inc., an internationally renowned architecture firm, was appointed to manage the overall planning and design of Ponte 16.

In February 2006, AAPC Hong Kong Limited (trading as "Accor Asia Pacific") ("Accor"), a well-known French hotel management company, was appointed to manage the hotel facilities of the Ponte 16 complex under Accor's deluxe brand "Sofitel". The name of the new hotel was confirmed to be "Sofitel Macau at Ponte 16".

In April 2006, the Group announced the approval of an increase of the gross floor area from 63,584 square metres to 126,500 square metres by the Macau SAR Government, which has raised the business value of the venture as well as the Group. The total development cost of the project is expected to be approximately HK\$2.4 billion.

The first phase of Ponte 16, including the casino (subject to Macau SAR Government's approval) and most of the hotel facilities, was topped out in April 2007. It is expected to open in the second half of 2007, while the rest of the Ponte 16 complex will be completed by the first half of 2008.

Conclusion

The steady business growth of the Group's core businesses plus the substantial business value of its project under development allow the Group to ascertain its optimistic future. With a vision to become one of the leading gaming and entertainment-related companies in the region, the management will seek every business opportunity in Macau and beyond in order to strengthen the synergies of the Group.

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

During the six months ended 31 March 2007, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with all the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the six months ended 31 March 2007.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

Having made specific enquiry with all Directors, each of whom has confirmed compliance with the required standard set out in the Code of Conduct and the Model Code.

AUDIT COMMITTEE

The Audit Committee of the Company comprises the non-executive Director, Mr. Choi Kin Pui, Russelle, and the three independent non-executive Directors, Mr. Luk Ka Yee, Patrick, Mr. Yim Kai Pung and Ms. Yeung Mo Sheung, Ann, with terms of reference prepared in accordance with the requirements of the Listing Rules. The Audit Committee is chaired by Mr. Yim Kai Pung who possesses appropriate professional accounting qualification. 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.

REVIEW OF INTERIM RESULTS

The unaudited interim results for the six months ended 31 March 2007 have been reviewed by the Audit Committee and Messrs. CCIF CPA Limited, the auditors of the Company, 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.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk and on the Company's website at www.macausuccess.com. The Interim Report 2007 of the Company will also be published on the aforesaid websites in due course.

On behalf of the Board of
MACAU SUCCESS LIMITED
Yeung Hoi Sing, Sonny
Chairman

Hong Kong, 20 June 2007

As at the date of this announcement, the Board comprises three executive directors, namely Mr. Yeung Hoi Sing, Sonny (Chairman), Mr. Lee Siu Cheung (Deputy Chairman) and Mr. Ma Ho Man, Hoffman; one non-executive director, namely Mr. Choi Kin Pui, Russelle; and three independent non-executive directors, namely Mr. Luk Ka Yee, Patrick, Mr. Yim Kai Pung and Ms. Yeung Mo Sheung, Ann.

Please also refer to the published version of this announcement in The Standard.