



## MACAU SUCCESS LIMITED

澳門實德有限公司

(Incorporated in Hong Kong with limited liability)

### PROPOSED REORGANISATION

Financial adviser



The Board announces that the Company intends to put forward to the Shareholders the Proposed Reorganisation which will involve: (i) a change of domicile of the Company; (ii) transfer of the amount standing to the credit of the share premium account of the Company to a distributable reserve account; and (iii) declaration of dividend in specie of the Group's 55% interest in the Cruise Ship to the Newco.

The Proposed Reorganisation will be implemented by way of the Scheme, pursuant to which the structure of the Group will be reorganised such that the Newco, a company to be incorporated in Bermuda with limited liability, will become the new holding company of the Group and the Shareholders will receive one Newco Share for every Share held at the Record Time and become the shareholders of the Newco thereafter. As a result of the Proposed Reorganisation, all existing subsidiaries of the Company will become indirect subsidiaries of the Newco and the Newco will become the ultimate holding company of the Group. Upon completion of the Proposed Reorganisation, the Newco Shares will be listed on the main board of the Stock Exchange by way of introduction whereas the listing status of the Company will be withdrawn.

The Proposed Reorganisation is conditional on, among other things, (i) approval by the Shareholders; (ii) the Scheme being sanctioned by the Court; (iii) approval of the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Newco Shares on the Stock Exchange; and (iv) the approval and permissions from the relevant authorities in Bermuda for, inter alia, the issue of the Newco Shares pursuant to the Proposed Reorganisation.

As one of the effects of the Proposed Reorganisation is that the Company will be privatised and at the same time withdrawing its listing status on the Stock Exchange, the Scheme, if implemented, is subject to Rule 2.10 of the Code which imposes more onerous voting requirements than those imposed by the Companies Ordinance. As such, the Company will apply to the SFC for a waiver from strict compliance with Rule 2.10 of the Code on the basis that the economic interests of all Shareholders will not be affected.

**The Proposed Reorganisation is subject to a number of conditions which may or may not be fulfilled. Shareholders and potential investors should exercise caution when dealing in the Shares. The Company will make further announcement about the Proposed Reorganisation if and when appropriate.**

#### THE PROPOSED REORGANISATION

##### Introduction

The Board announces that the Company intends to put forward to the Shareholders the Proposed Reorganisation which will involve:

- (i) a change of domicile of the Company;
- (ii) transfer of the amount standing to the credit of the share premium account of the Company, which amounted to approximately HK\$374.5 million as at 30th September, 2003, to a distributable reserve account; and
- (iii) declaration of dividend in specie of the Group's 55% interest in the Cruise Ship to the Newco.

The Proposed Reorganisation will be implemented by way of the Scheme, pursuant to which the structure of the Group will be reorganised such that the Newco, a company to be incorporated in Bermuda with limited liability, will become the new holding company of the Group and the Shareholders will receive one Newco Share for every Share held at the Record Time and become the shareholders of the Newco thereafter. As a result of the Proposed Reorganisation, all existing subsidiaries of the Company will become indirect subsidiaries of the Newco and the Newco will become the ultimate holding company of the Group. Upon completion of the Proposed Reorganisation, the Newco Shares will be listed on the main board of the Stock Exchange by way of introduction whereas the listing status of the Company will be withdrawn. It is also proposed that the Group's 55% interest in the Cruise Ship will be distributed to the Newco by way of dividend in specie.

##### Conditions of the Proposed Reorganisation

The implementation of the Proposed Reorganisation is conditional upon, among other things, the satisfaction of the following conditions:

- (i) the Scheme being approved by a majority in number, representing three-fourths in value, of the Shareholders present and voting in person or by proxy at the meeting convened in accordance with the direction of the Court;
- (ii) the passing of a special resolution by the Shareholders at the EGM to approve the Proposed Reorganisation;
- (iii) the Scheme, with or without modification, being sanctioned and the proposed reduction of capital provided for in the Scheme being confirmed by the Court, and an official copy of the Court order and the minute containing the particulars required by Section 61 of the Companies Ordinance being registered by the Registrar of the Companies in Hong Kong;
- (iv) the Listing Committee of the Stock Exchange granting the approval for the listing of, by way of introduction, and permission to deal in, the Newco Shares to be issued;
- (v) obtaining all necessary consents, approval and permissions from the relevant authorities in Bermuda for, inter alia, the issue of the Newco Shares; and
- (vi) all other necessary consents or authorisations which may be required under any existing contractual arrangements including loan and other finance documentation or regulatory requirements being obtained.

As one of the effects of the Proposed Reorganisation is that the Company will be privatised and at the same time withdrawing its listing status on the Stock Exchange, the Scheme, if implemented, is subject to Rule 2.10 of the Code which imposes more onerous voting requirements than those imposed by the Companies Ordinance. As such, the Company will apply to the SFC for a waiver from strict compliance with Rule 2.10 of the Code on the basis that the economic interests of all Shareholders will not be affected.

##### Effects of the Proposed Reorganisation

###### Financial position

Implementation of the Proposed Reorganisation will not alter the business and the net assets/liabilities or financial position of the Group, other than the payment of professional expenses relating thereto.

It is expected that immediately after the implementation of the Proposed Reorganisation, an amount which is equal to the difference between the consolidated net assets of the Group and the aggregate nominal value of the Newco Shares to be issued pursuant to the Scheme will be credited to the contributed surplus in the books of the Newco.

###### Business

The business and management of the Group will not be changed by reason only of the implementation of the Proposed Reorganisation. Immediately following the implementation of the Proposed Reorganisation, the Newco will act as the holding company of the Group which will continue to carry on the present business activities including (i) the leasing of the 55% owned Cruise Ship to the Cruise Operator under the Bareboat Charter; (ii) the retailing of consumer goods targeting at tourists in Hong Kong; and (iii) the provision of construction and related services in Hong Kong.

###### Ownership, voting control and management

Upon the implementation of the Proposed Reorganisation, ownership, voting control and management of the Group will remain as present and the interests of the Group in its subsidiaries will remain unaffected, save that the Group's 55% interest in the Cruise Ship will be transferred to the Newco by way of dividend in specie. All existing Shareholders will receive the Newco Shares on the basis of one Newco Share (ranking pari passu) for every Scheme Share. The proportionate interests of the Shareholders in the Newco will be the same as their proportionate interests in the Company immediately upon the implementation of the Proposed Reorganisation.

##### Directors and employees

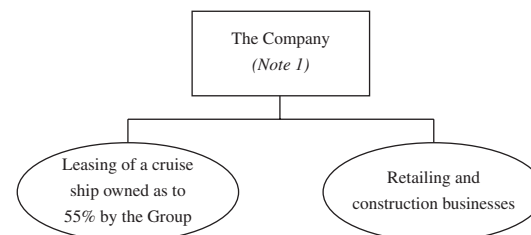
The existing Directors will also be the directors of the Newco. No agreements or arrangements under which the emoluments or terms of service of any of the Directors nor the terms of service of any employees of the Group will be changed as a result of the implementation of the Proposed Reorganisation.

##### Convertibles and Share option scheme

There are no outstanding convertibles issued by the Company as at the date of this announcement. In addition, no share option has been granted by the Company under the share option scheme adopted by the Company on 7th March, 2002. As part of the Proposed Reorganisation, the Company will terminate its existing share option scheme and the Newco will adopt a new share option scheme which will comply with the requirements under Chapter 17 of the Listing Rules.

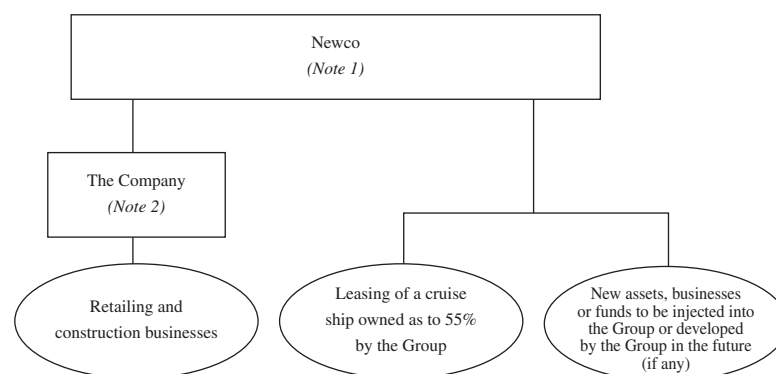
##### GROUP STRUCTURE IMMEDIATELY BEFORE AND AFTER THE PROPOSED REORGANISATION

Set out below is the structure of the Group immediately before the implementation of the Proposed Reorganisation:



Note 1: Listed on the Stock Exchange

Set out below is the structure of the Group, the Newco and their respective subsidiaries immediately after the implementation of the Proposed Reorganisation:



Notes:

1. Listed on the Stock Exchange
2. The listing status on the Stock Exchange will be withdrawn

##### REASONS FOR IMPLEMENTING THE PROPOSED REORGANISATION

The Proposed Reorganisation can be separated into two major elements, namely (i) implementation of the Scheme pursuant to which the structure of the Group will be reorganised such that the Newco will become the new holding company of the Group in the manner as detailed above; and (ii) a change of domicile of the Company to Bermuda. The respective reason(s) for the Scheme and change of domicile are set out below.

###### Reason for implementation of the Scheme

###### Ring-fencing any unknown or hidden contingent liability or claim against the Group

The principal purpose of the Scheme is to ring-fencing any potential, unknown or hidden liability or claim of the Group such that upon completion of the Scheme, the Cruise Ship and any new assets, businesses or funds that may be injected into or acquired by the Group will be directly held by the Newco or its newly formed subsidiaries and are therefore insulated from any potential, unknown or hidden claims brought forward by others to the Group.

The Directors consider that ring-fencing of any potential, unknown or hidden liability or claim against the Group would, on the one hand, reduce the financial and operational risks of the Group arising from any unforeseen claims relating to such liabilities and, on the other hand, safeguard the interest of the Shareholders by protecting any new assets, businesses or funds of the Newco from the risk associated with any potential, unknown or hidden liability against the Group which the existing management is not aware of. As a result, the Group would become more attractive to investors.

## Reasons for change of domicile of the Company to Bermuda

### *Flexibility in distribution of earnings*

The Directors consider that the establishment of the Newco in the Bermuda jurisdiction would provide more flexibility to the Company for distribution of earnings in the future. Under Bermuda law, share premium of a Bermuda company can be reduced with the approval of the shareholders and if the company can satisfy a solvency test and complies with the publication requirement in accordance with the Companies Act 1981 of Bermuda. The credits arising from a reduction of a share premium can be transferred to a distributable reserve which can then be used to set off any accumulated losses of the company. In addition, a reduction of share capital of a Bermuda company does not require court sanction whereas a reduction in capital of a company incorporated in Hong Kong is prohibited under the Companies Ordinance unless approval by the Court is obtained.

### *Facilitate more flexible business development strategies and the future expansion of the Group*

The establishment of a new overseas holding company will enable the Group to set up companies directly under the new holding company to exploit any possible future overseas business development opportunities which will be separated from its existing Hong Kong business structure of the Group. An overseas holding company will also allow the Group to project a more international image to customers and business partners and will assist the Group in transforming from being perceived as a local group into an international group. Bermuda, one of the jurisdictions specified under the Listing Rules as an acceptable place of incorporation for overseas issuers, has been chosen by the Directors as the place of incorporation of the Newco in view of its political stability, common law legal system and growing importance of Bermuda as an international centre with an increasing number of international companies incorporated there.

Based on the above, the Directors are of the view that the Proposed Reorganisation can enhance the investment value of the Company which in turn will benefit the Shareholders as a whole. Since the Group's long-term mission is to maximize its underlying investment value, the Directors consider that the implementation of the Proposed Reorganisation is in line with the Group's overall business objectives and is in the best interests to the Group and the Shareholders as a whole.

## GENERAL

The Group is principally engaged in (i) the leasing of the 55% owned Cruise Ship to the Cruise Operator under the Bareboat Charter; (ii) the retailing of consumer goods targeting at tourists in Hong Kong; and (iii) the provision of construction and related services in Hong Kong.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of listing, by way of introduction, of and permission to deal in the Newco Shares to be issued pursuant to the Proposed Reorganisation. Upon the Proposed Reorganisation becoming effective, the existing listing of the Shares on the Stock Exchange will be withdrawn.

Subject to the granting of the listing of, and permission to deal in, the Newco Shares on the Stock Exchange, the Newco Shares will be accepted as eligible securities by Hongkong Clearing for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Newco Shares or such other date as determined by Hongkong Clearing. All activities under CCASS are subject to the General Rules of CCASS and CCASS operational procedures in effect from time to time.

The Company will issue further announcement(s) about the development of the Proposed Reorganisation. A scheme document will be despatched to the Shareholders in due course setting out, among other things, an explanatory statement in relation to the Proposed Reorganisation, the timetable of the Scheme, the arrangement for the exchange of certificates for Newco Shares and the notices of the relevant court meeting and the EGM, together with the forms of proxy for use at the court meeting and the EGM.

**The Shareholders and potential investors should note that the Proposed Reorganisation is subject to a number of conditions and may or may not proceed.**

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

"associate(s)"	has the same meaning ascribed to it under the Listing Rules
"Bareboat Charter"	a bareboat charter dated 12th January, 2004 entered into between the Group and the Cruise Operator in relation to the leasing of the Cruise Ship
"Board"	the board of Directors
"CCASS"	the Central Clearing and Settlement System established and operated by Hongkong Clearing
"Code"	Hong Kong Code on Takeovers and Mergers
"Companies Ordinance"	Companies Ordinance, Chapter 32 of the Laws of Hong Kong
"Company"	Macau Success Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the main board of the Stock Exchange
"Court"	the High Court of Hong Kong
"Cruise Operator"	Hover Management Limited, a company incorporated in the British Virgin Islands with limited liability. Each of Hover Management Limited and its beneficial owners is an Independent Third Party
"Cruise Ship"	Macau Success, a cruise ship owned as to 55% by the Company
"Directors"	the directors of the Company
"Effective Date"	the date upon which the Scheme, if approved, becomes effective
"EGM"	an extraordinary general meeting of the Company to be convened for the purpose of approving the Scheme
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hongkong Clearing"	Hong Kong Securities Clearing Company Limited
"Independent Third Party"	an independent third party not connected with the directors, chief executive and substantial shareholders of the Company and any of its subsidiaries or any of their respective associates
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Newco"	a company to be incorporated in Bermuda with limited liability under the Companies Act 1981 (as amended and revised from time to time) of Bermuda and the shares of which are proposed to be listed on the Stock Exchange by way of introduction
"Newco Share(s)"	ordinary share(s) of HK\$0.01 each in the capital of the Newco
"Newco Shareholder(s)"	holder(s) of the Newco Share(s)
"Proposed Reorganisation"	the proposed reorganisation of the Group which will involve (i) a change of domicile of the Company; (ii) transfer of the amount standing to the credit of the share premium account of the Company to a distributable reserve account; and (iii) declaration of dividend in specie of the Group's 55% interest in the Cruise Ship to the Newco by way of the Scheme
"Record Time"	4:00 p.m. (Hong Kong time) on the business day preceding the Effective Date
"Scheme"	the proposed scheme of arrangement under section 166 of the Companies Ordinance
"Scheme Shares"	the 1,587,464,233 Shares in issue as at the date of this announcement together with any further Shares which may be issued prior to the Effective Date
"SFC"	The Securities and Futures Commission of Hong Kong
"Share(s)"	ordinary share(s) of HK\$0.01 each in the capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"HK\$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"%"	per cent.

By Order of the Board of  
**Macau Success Limited**  
Agnes N. Y. Chiu  
Company Secretary

Hong Kong, 9th March, 2004

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained herein and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained herein, the omission of which would make any statement in the announcement misleading.*