



## MACAU SUCCESS LIMITED

澳門實德有限公司\*

(Incorporated in Bermuda with limited liability)

(Stock Code: 0487)

### ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2007

#### RESULTS

The board of directors (the “Board” or the “Director(s)”) of Macau Success Limited (the “Company”) is pleased to announce that the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 30 September 2007 together with the comparative figures for the previous year are as follows:

#### CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2007

	<i>Notes</i>	<b>2007</b> <i>HK\$'000</i>	2006 <i>HK\$'000</i>
<b>Turnover</b>	4	<b>103,754</b>	103,530
Cost of sales		<b>(8,069)</b>	(7,871)
<b>Gross profit</b>		<b>95,685</b>	95,659
Other revenue	5	<b>30,693</b>	24,983
		<b>126,378</b>	120,642
Administrative expenses		<b>(92,309)</b>	(71,725)
<b>Profit from operations</b>		<b>34,069</b>	48,917
Finance costs	6(a)	<b>(1,675)</b>	–
Share of results of associates		<b>(15,450)</b>	(386)
<b>Profit before taxation</b>	6	<b>16,944</b>	48,531
Income tax	7	<b>(672)</b>	(372)
<b>Profit for the year</b>		<b>16,272</b>	48,159
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>2,314</b>	28,380
Minority interests		<b>13,958</b>	19,779
<b>Profit for the year</b>		<b>16,272</b>	48,159
<b>Dividends payable to equity shareholders of the Company attributable to the year:</b>			
Dividend declared during the year	8	–	3,209
<b>Earnings per share</b>	9		
Basic		<b>0.11 HK cents</b>	1.41 HK cents
Diluted		<b>N/A</b>	N/A

\* For identification purpose only

**CONSOLIDATED BALANCE SHEET**  
**AT 30 SEPTEMBER 2007**

	<i>Notes</i>	<b>2007</b> <b>HK\$'000</b>	2006 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>87,945</b>	91,536
Goodwill		<b>1,313</b>	1,313
Interest in associates		<b>886,930</b>	376,015
Available-for-sale investment		<b>–</b>	25,239
		<b>976,188</b>	494,103
<b>CURRENT ASSETS</b>			
Inventories		<b>1,323</b>	1,178
Trade and other receivables	<i>10</i>	<b>18,398</b>	13,509
Pledged bank deposits		<b>751</b>	729
Cash and cash equivalents		<b>200,719</b>	468,876
		<b>221,191</b>	484,292
<b>CURRENT LIABILITIES</b>			
Trade and other payables	<i>11</i>	<b>106,422</b>	6,047
Tax payable		<b>961</b>	157
		<b>107,383</b>	6,204
<b>NET CURRENT ASSETS</b>		<b>113,808</b>	478,088
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,089,996</b>	972,191
<b>NON-CURRENT LIABILITIES</b>			
Loans from minority shareholders		<b>–</b>	5,056
Deferred tax liabilities		<b>83</b>	215
Financial guarantee contract		<b>63,000</b>	–
		<b>63,083</b>	5,271
<b>NET ASSETS</b>		<b>1,026,913</b>	966,920
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>21,995</b>	21,395
Reserves		<b>954,935</b>	905,221
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY</b>		<b>976,930</b>	926,616
<b>MINORITY INTERESTS</b>		<b>49,983</b>	40,304
<b>TOTAL EQUITY</b>		<b>1,026,913</b>	966,920

Notes:

## 1. BASIS OF PREPARATION

The consolidated financial statements for the year ended 30 September 2007 comprise the Group and the Group's interest in associates.

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

## 2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. The Group has not applied any new standard, amendment or interpretation that is not yet effective for the current accounting period (see note 12).

HKAS 39 and HKFRS 4 (Amendments) "Financial Guarantee Contracts" is effective for annual periods beginning on or after 1 January 2006.

Financial guarantee contracts were previously only disclosed as contingent liabilities as they did not fall within the scope of HKAS 39. Following the introduction of HKAS 39 and HKFRS 4 (Amendments), financial guarantee contracts should be treated as financial liabilities. Financial guarantee contracts should be measured initially at fair value and subsequently at the higher of (i) the amount determined in accordance with HKAS 37 – Provisions, Contingent Liabilities and Contingent Assets and (ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised over the life of the guarantee on a straight-line basis.

## 2. CHANGES IN ACCOUNTING POLICIES (Continued)

The impact for the adoption of HKAS 39 and HKFRS 4 (Amendments) on the consolidated balance sheet as at 1 October 2005, 30 September 2006 and 2007:

	<b>1 October 2005</b> <i>HK\$'000</i>	<b>30 September 2006</b> <i>HK\$'000</i>	<b>30 September 2007</b> <i>HK\$'000</i>
Increase in assets			
Increase in interest in associates	—	—	63,000
	—	—	63,000
Increase in liabilities			
Increase in financial guarantee contract	—	—	63,000
	—	—	63,000

The impact for the adoption of HKAS 39 and HKFRS 4 (Amendments) on the Company's balance sheet as at 1 October 2005, 30 September 2006 and 2007:

	<b>1 October 2005</b> <i>HK\$'000</i>	<b>30 September 2006</b> <i>HK\$'000</i>	<b>30 September 2007</b> <i>HK\$'000</i>
Increase in assets			
Increase in interest in subsidiaries	—	—	63,000
	—	—	63,000
Increase in liabilities			
Increase in financial guarantee contract	—	—	63,000
	—	—	63,000

### 3. SEGMENT REPORTING

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

#### (a) Business segment

The Group's operating business are structured and managed separately according to the nature of their operations and the products and services provided. Each of the Group's business segments represents a strategic business unit that offers:

- Cruise leasing and management business: the leasing of cruise and the provision of management services to the cruise.
- Travel business: the provision of travel-related agency services.

	Cruise leasing and management		Travel		Consolidated	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
<b>Revenue</b>						
Turnover	95,901	95,717	7,853	7,813	103,754	103,530
Other revenue	184	108	72	85	256	193
Total revenue	<u>96,085</u>	<u>95,825</u>	<u>7,925</u>	<u>7,898</u>	<u>104,010</u>	<u>103,723</u>
<b>Results</b>						
Segment results	<u>32,035</u>	<u>45,046</u>	<u>(513)</u>	<u>(459)</u>	<u>31,522</u>	<u>44,587</u>
Interest income					10,048	20,465
Unallocated operating income and expenses					<u>(7,501)</u>	<u>(16,135)</u>
Profit from operations					34,069	48,917
Finance costs					(1,675)	–
Share of results of associates					<u>(15,450)</u>	<u>(386)</u>
Profit before taxation					16,944	48,531
Income tax					<u>(672)</u>	<u>(372)</u>
Profit for the year					<u>16,272</u>	<u>48,159</u>
<b>Balance Sheet</b>						
<b>Assets</b>						
Segment assets	119,204	106,778	1,432	1,314	120,636	108,092
Interest in associates					886,930	376,015
Unallocated assets					<u>189,813</u>	<u>494,288</u>
Consolidated total assets					<u>1,197,379</u>	<u>978,395</u>
<b>Liabilities</b>						
Segment liabilities	5,603	9,021	170	231	5,773	9,252
Unallocated liabilities					<u>164,693</u>	<u>2,223</u>
Consolidated total liabilities					<u>170,466</u>	<u>11,475</u>

### 3. SEGMENT REPORTING (Continued)

#### (a) Business segment (Continued)

	Cruise leasing and management		Travel		Unallocated		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Other information</b>								
Depreciation	7,325	6,720	20	24	1,365	768	8,710	7,512
Capital expenditure	25	7,839	1	24	5,311	940	5,337	8,803

#### (b) Geographical segment

The Group's business is managed on a worldwide basis, but participates in three principal economic environments. The cruise leasing and management income is mainly derived from South China Sea, other than in Hong Kong. In Hong Kong, the main business is the provision of travel-related agency services.

In presenting information on the basis of geographical segment, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

	South China Sea, other than in Hong Kong		Hong Kong		Macau		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue								
Turnover	95,901	95,717	7,853	7,813	–	–	103,754	103,530
Segment assets	119,211	116,873	190,689	484,978	887,479	376,544	1,197,379	978,395
Capital expenditure	25	7,839	5,312	964	–	–	5,337	8,803

### 4. TURNOVER

The principal activities of the Group are leasing and management of cruise and tourists-related business.

Turnover represents cruise leasing and management fee income and travel agent service fee income. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2007 HK\$'000	2006 HK\$'000
Cruise leasing and management fee income	95,901	95,717
Travel agent service fee income	7,853	7,813
	<u>103,754</u>	<u>103,530</u>

## 5. OTHER REVENUE

	2007 HK\$'000	2006 HK\$'000
Gain on disposal of securities*	4,391	–
Gain on disposal of available-for-sale investment	10,330	–
Commission income	45	60
Dividend from available-for-sale investment	1,133	1,133
Interest income	10,197	20,574
Management income	4,534	2,877
Others	63	339
	<u>30,693</u>	<u>24,983</u>

\* During the year, Better Talent Limited, an indirect wholly-owned subsidiary of the Company, as subscriber, entered into a subscription agreement with an independent third party, China Star Entertainment Limited (“China Star”), a company listed on The Stock Exchange of Hong Kong Limited, for the subscription of China Star’s zero coupon unsecured convertible bonds at the subscription price of approximately HK\$11.9 million. The convertible bonds were exercised and converted into ordinary shares of China Star and such shares were subsequently disposed in the open market during the year. The net proceeds received was approximately HK\$16.3 million.

## 6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

### (a) Finance costs

	2007 HK\$'000	2006 HK\$'000
Interest expenses on other borrowings wholly repayable within five years	<u>1,675</u>	<u>–</u>

### (b) Staff costs

	2007 HK\$'000	2006 HK\$'000
Salaries, wages and other benefit (including Directors’ emoluments)	35,394	31,337
Contribution to defined contribution retirement plan	629	489
	<u>36,023</u>	<u>31,826</u>

### (c) Other items

	2007 HK\$'000	2006 HK\$'000
Auditors’ remuneration	947	651
Depreciation		
Owned fixed assets	8,710	7,512
Operating lease rentals		
Properties	4,398	2,011
Plant and machinery	40	23
Exchange gain	(37)	(47)
Cost of inventories#	<u>17,044</u>	<u>9,534</u>

# Included within administrative expenses

## 7. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

Taxation in the consolidated income statement represents:

	2007 HK\$'000	2006 HK\$'000
Hong Kong Profits Tax		
– Charge for the year	804	157
Deferred taxation relating to the origination and reversal of temporary differences	(132)	215
	<u>672</u>	<u>372</u>

The provision for Hong Kong Profits Tax for 2007 is calculated at 17.5% (2006: 17.5%) of the estimated assessable profits for the year. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

## 8. DIVIDENDS

	2007 HK\$'000	2006 HK\$'000
Interim dividend declared and paid of Nil (2006: 0.15 HK cents) per ordinary share	–	3,209

The Directors do not recommend any payment of a final dividend for the year ended 30 September 2007 (2006: Nil).

## 9. EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit for the year attributable to equity shareholders of the Company of approximately HK\$2,314,000 (2006: HK\$28,380,000) and on the weighted average number of 2,174,642,000 ordinary shares (2006: 2,010,697,000) in issue during the year.

*Weighted average number of ordinary shares*

	'000
Issued ordinary shares at 1 October 2005	1,904,464
Effect of share placing	106,233
	<u>2,010,697</u>
Weighted average number of ordinary shares at 30 September 2006	
Issued ordinary shares at 1 October 2006	2,139,464
Effect of allotment of consideration shares	35,178
	<u>2,174,642</u>
Weighted average number of ordinary shares at 30 September 2007	
	<u>2,174,642</u>

### (b) Diluted earnings per share

There was no dilution effect on the basic earnings per share for the year ended 30 September 2007 and 30 September 2006 respectively as there were no dilutive instruments outstanding during both years.



## 10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Trade receivables	996	1,972	–	–
Deposits, prepayments and other receivables	17,402	11,537	209	165
	<u>18,398</u>	<u>13,509</u>	<u>209</u>	<u>165</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 of the balance sheet date:

	Group		Company	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Current	727	1,924	–	–
31 to 60 days	165	4	–	–
61 to 90 days	–	9	–	–
Over 90 days	104	35	–	–
	<u>996</u>	<u>1,972</u>	<u>–</u>	<u>–</u>

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

## 11. TRADE AND OTHER PAYABLES

	Group		Company	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Trade payables	163	229	–	–
Accrued charges and other payables	106,259	5,818	912	1,940
	<u>106,422</u>	<u>6,047</u>	<u>912</u>	<u>1,940</u>

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

Included in accrued charges and other payables is a deposit of HK\$100 million received from a purchaser for the Group's disposal of 10.2% equity interest in World Fortune Limited.

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

	Group		Company	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Current	149	217	–	–
31 to 60 days	1	1	–	–
61 to 90 days	–	–	–	–
Over 90 days	13	11	–	–
	<u>163</u>	<u>229</u>	<u>–</u>	<u>–</u>

## 12. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE, FOR THE YEAR ENDED 30 SEPTEMBER 2007

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

HKAS 1 (Amendment)	Capital Disclosures <sup>1</sup>
HKAS 1 (Revised)	Presentation of Financial Statements <sup>2</sup>
HKAS 23 (Revised)	Borrowing costs <sup>2</sup>
HKFRS 7	Financial Instruments: Disclosures <sup>1</sup>
HKFRS 8	Operating Segments <sup>2</sup>
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment <sup>3</sup>
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions <sup>4</sup>
HK(IFRIC)-Int 12	Service Concession Arrangements <sup>5</sup>
HK(IFRIC)-Int 13	Customer Loyalty Programmes <sup>6</sup>
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction <sup>5</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2007

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2009

<sup>3</sup> Effective for annual periods beginning on or after 1 November 2006

<sup>4</sup> Effective for annual periods beginning on or after 1 March 2007

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2008

<sup>6</sup> Effective for annual periods beginning on or after 1 July 2008

## MANAGEMENT DISCUSSION AND ANALYSIS

### Results

Total turnover of the Group for the year ended 30 September 2007 was approximately HK\$103.8 million, representing approximately 0.2% increase compared to last corresponding year (2006: approximately HK\$103.5 million). The results indicated that the cruise and travel businesses maintained stable source of revenue during the year under review.

Profit from operations and operating profit margin decreased to approximately HK\$34.1 million and 32.8% respectively for the year under review (2006: approximately HK\$48.9 million and 47.2% respectively). It was mainly due to the increase in fuel oil price and operating costs during the year that adversely affected our cruise leasing and management operation. Profit attributable to equity shareholders of the Company was approximately HK\$2.3 million (2006: approximately HK\$28.4 million). Other than the above, there was an increase in shared loss from associates. The Group's flagship investment project, Ponte 16, was approaching its grand opening. Prior to the commencement of business, there were preparation and pre-operating expenses incurred that led to the shared loss to be borne by the Group.

### Dividends

No interim dividend was paid during the year under review (2006: 0.15 HK cents per share). The Directors do not recommend any payment of a final dividend for the year ended 30 September 2007 (2006: Nil).

## Review of operations

### *Cruise Business*

During the year under review, cruise business remained as the major source of the Group's total turnover. The business has generated steady cash flow for years. The leasing and management of the Group's cruise ship, M.V. Macau Success, accounted for 92.4% of the Group's total turnover.

For the year ended 30 September 2007, turnover from the cruise business was approximately HK\$95.9 million (2006: approximately HK\$95.7 million). Segment profit from the business amounted to approximately HK\$32.0 million (2006: approximately HK\$45.0 million), which was 28.9% lower than that of the last corresponding year due to the increase in fuel oil price and operating costs.

The cruise business continued to provide a stable income to the Group, and also created synergy effect on other businesses of the Group, which has helped us to achieve our vision of becoming a major player in the gaming and entertainment-related industries.

### *Travel Business*

During the year under review, turnover from the travel business was approximately HK\$7.9 million (2006: approximately HK\$7.8 million), representing a slight increase of 0.5% and accounting for approximately 7.6% of the Group's total turnover. Segment loss from the business was approximately HK\$0.5 million (2006: approximately HK\$0.5 million).

Although travel business is not the major source of the Group's total turnover, it is the Group's strategy to develop the travel business into a unique platform, providing professional travel services to high-end customers and directing traffic to the Group's flagship cruise ship, M.V. Macau Success.

### *Others*

During the year under review, there were several transactions and details of which were as follows:

1. On 30 November 2006, the Group, through a then indirect wholly-owned subsidiary of the Company namely World Fortune Limited ("World Fortune"), entered into a sale and purchase agreement with Joy Idea Investments Limited ("Joy Idea") for acquisition of a 12.25% equity interest in, and the related loan to, Pier 16 – Property Development Limited ("Pier 16 – Property Development") which is responsible for the development of Ponte 16, from Joy Idea, for an aggregate consideration of HK\$200 million. The consideration was settled by HK\$152 million in cash from internal resources and HK\$48 million through the allotment and issue of 60,000,000 new shares of the Company at an agreed issued price of HK\$0.80 per share. The acquisition was completed on 28 February 2007 and 60,000,000 shares of the Company were issued to Joy Idea. As a result of the acquisition, Pier 16 – Property Development is 51% and 49% owned by SJM – Investimentos Limitada and World Fortune respectively.
2. On 13 June 2006, Top Region Assets Limited, an indirect wholly-owned subsidiary of the Company, as vendor, entered into a sale and purchase agreement (the "Agreement") with an independent third party, China Star Entertainment Limited ("China Star", a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange")), as purchaser, and the Company, as guarantor. Under the terms of the Agreement, China Star bought approximately 8.13% interest in the issued share capital of Triumph Up Investments Limited ("Triumph Up"), a company incorporated in the British Virgin Islands, for a consideration of approximately HK\$36.1 million.

On 31 October 2006 and 28 February 2007, the parties entered into deeds of variation to, inter alia, extend the long stop date under the Agreement and the long stop date was then extended to 31 May 2007. The transaction was completed on 30 May 2007 and led to a gain of approximately HK\$10.3 million.

3. On 19 January 2007, Better Talent Limited (“Better Talent”), an indirect wholly-owned subsidiary of the Company, as subscriber, entered into a subscription agreement with China Star, as issuer, in relation to the subscription of China Star’s zero coupon unsecured convertible bonds with a principal amount of HK\$12.5 million at the subscription price of approximately HK\$11.9 million. The subscription was completed on 18 May 2007.

On 1 June 2007, Better Talent exercised its rights to convert the convertible bonds into 39,062,500 shares of China Star at a conversion price of HK\$0.32 per share, and subsequently disposed the shares in the open market during the year under review, which led to a gain of approximately HK\$4.4 million.

4. On 28 June 2007, the Company, in conjunction with Sociedade de Jogos de Macau, S.A., provided corporate guarantee to secure the syndicated loan facility of HK\$1,600 million granted by a syndicate of lenders to Pier 16 – Property Development (the “Syndicated Loan Facility”).
5. On 27 July 2007, Golden Sun Profits Limited (“Golden Sun”), an indirect wholly-owned subsidiary of the Company, entered into a letter of intent (the “LOI”) with Maruhan Corporation (“Maruhan”, a leading company in the pachinko industry in Japan). The LOI gave Maruhan the right to acquire from Golden Sun certain equity interests in World Fortune which owned 49% of the entire issued share capital of Pier 16 – Property Development.

#### *Cooperation with Maruhan*

On 1 October 2007, Golden Sun as vendor, Maruhan as purchaser, and the Company as vendor’s guarantor entered into a conditional sale and purchase agreement for the disposal of 10.2% of the entire issued share capital of, and the related shareholder’s loan to, World Fortune, for a consideration of approximately HK\$208.5 million (the “Disposal”). The Company and Maruhan also signed a subscription agreement, pursuant to which Maruhan subscribed for 220,000,000 new shares issued by the Company at a subscription price of HK\$1.062 per share. Upon completion of the Disposal, World Fortune has become 89.8% owned indirect subsidiary of the Company, and the Group’s effective interest in Pier 16 – Property Development decreased from 49% to approximately 44%. Besides, Maruhan has an effective interest of approximately 5% in Pier 16 – Property Development through World Fortune.

The recruitment of Maruhan as the strategic partner of the Company reflects management’s intention to expand beyond Macau to other places in the Asia-Pacific region. While the Company and Maruhan have agreed to co-operate in developing the gaming industry in Japan pending the grant of gaming licenses, both parties are also looking at other potential business opportunities.

#### **Financial review**

##### *Pledge of Assets*

As of 30 September 2007, the Group has pledged time deposits of approximately HK\$0.8 million (2006: approximately HK\$0.7 million) to certain banks in exchange for issuance of bank guarantees of approximately HK\$0.8 million (2006: approximately HK\$0.7 million) to cover the Group’s operating expenses.

As at 30 September 2007, World Fortune pledged all (2006: Nil) of its shares in Pier 16 – Property Development to a bank, for and on behalf of the syndicate of lenders, in respect of the Syndicated Loan Facility.

### *Contingent Liabilities*

As of 30 September 2007, the Company had contingent liabilities in the following aspects:

- (a) With regard to the corporate guarantee provided by the Company to secure the Syndicated Loan Facility, the maximum guarantee amount borne by the Company was HK\$860 million (2006: Nil).
- (b) A loan facility of up to HK\$250 million (2006: Nil) was granted to an indirect wholly-owned subsidiary of the Company. The maximum guarantee amount borne by the Company was HK\$250 million (2006: Nil).

### *Liquidity, Financial Resources and Gearing*

As of 30 September 2007, the Group had net current assets of approximately HK\$113.8 million (2006: approximately HK\$478.1 million) and had net assets of approximately HK\$1,026.9 million (2006: approximately HK\$966.9 million).

As of 30 September 2007, the Group had no interest-bearing loans or lease obligations (2006: Nil).

The loans provided by minority shareholders were repaid during the fiscal year (2006: approximately HK\$5.1 million). The loans were unsecured, non-interest bearing and had no fixed repayment terms.

Equity attributable to equity shareholders of the Company as of 30 September 2007 was approximately HK\$976.9 million (2006: approximately HK\$926.6 million).

Because of the absence of debt, the gearing ratio (interest-bearing debt divided by equity attributable to equity shareholders) was zero for the year under review and the last corresponding year.

### *Staffing*

As of 30 September 2007, the Group had approximately 360 employees. Remuneration is determined on the basis of qualifications, experience, responsibility and performance. In addition to salaries, staff benefits include medical insurance and retirement benefits under the Mandatory Provident Fund Scheme. Share options might be granted to eligible employees of the Group as a long-term incentive.

### **Prospects**

Management is optimistic about the Group's future. The Group's flagship integrated casino-resort development project, Ponte 16, will become a substantial profit contributor of the Group after its grand opening in February 2008. The Group's cruise and travel businesses, which have provided steady cash flow for years, will provide leverage for this exciting new project.

Management is confident in the future growth of Macau's economy and in particular its tourism industry. Both of these provide significant opportunities for the Group. According to the Macau SAR Government, tourist arrivals in Macau in the first eleven months of 2007 was approximately 24.4 million, an increase of 22.9% over the corresponding period of 2006. Since over 50% of tourists are from the Mainland China, economic growth in China will continue to spill over into Macau's economy. Gaming revenue was approximately MOP 74.8 billion in the first eleven months of 2007, exceeding the total number of 2006.

## *Ponte 16*

Ponte 16, which was topped out in April 2007, is a world-class integrated resort with a five-star luxury hotel – Sofitel Macau at Ponte 16, a casino (subject to the Macau SAR Government’s approval), a shopping arcade, and food and beverage facilities. Featuring a unique Southern European theme, the development is located at one of the Macau’s historic landmarks, Pier 16, part of the early 20th century waterfront. The two-minute ferry connection between Ponte 16 and Zhuhai provides convenient access for tourists. The casino has 22 VIP tables and 10 premium market tables, 120 mass market tables and 320 slot machines while Sofitel Macau at Ponte 16 comprises a total of 423 guest rooms. Among the total guest rooms, there will be 394 standard guest rooms, 10 suites and 19 mansions. Together with a great variety of restaurants and other high quality facilities, Ponte 16 will offer top quality services to guests of the resort.

On 28 June 2007, Pier 16 – Property Development entered into an agreement for a five-year syndicated loan facility of HK\$1,600 million with a consortium of eight leading banks in Macau and Hong Kong for funding the development of Ponte 16. The syndication attracted an enthusiastic response from banks during the general syndication period.

The Group has been paying continuous and utmost efforts on Ponte 16 project and is excited about its grand opening ceremony to be held in February 2008.

### **Conclusion**

The Group’s future is promising based on the steady growth of its core businesses and great potential of Ponte 16 project. Recruiting Maruhan as a strategic partner reflects the Company’s interest in developing into Asian markets. The Group’s vision is to become one of the leading gaming and entertainment-related companies in the Asia-Pacific region. Management is diligent in pursuing opportunities in Macau, the Mainland China and other places in the Asia-Pacific region so as to develop new sources of synergy and enhance shareholders’ value.

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

During the year ended 30 September 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 applied the principles and 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 (the “Listing Rules”) during the year ended 30 September 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 his/her compliance with the required standard set out in the Code of Conduct and the Model Code.

## **REVIEW OF FINAL RESULTS**

The audited consolidated results for the year ended 30 September 2007 have been audited by the Company's auditors, CCIF CPA Limited and reviewed by the audit committee of the Board 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.

The figures in respect of this preliminary announcement of the Group's results for the year ended 30 September 2007 have been agreed by CCIF CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by CCIF CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagement issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by CCIF CPA Limited on the preliminary announcement.

## **PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This final results announcement is published on the website of the Stock Exchange at [www.hkex.com.hk](http://www.hkex.com.hk) and on the Company's website at [www.macausuccess.com](http://www.macausuccess.com). The Annual Report 2007 of the Company will also be published on the aforesaid websites in due course.

## **ACKNOWLEDGEMENTS**

The Board would like to express its deepest gratitude to all investors, business partners, customers and employees for their loyal support and contributions to the Group, and their confidence in the Board.

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

Hong Kong, 21 January 2008

*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.*