



## MACAU SUCCESS LIMITED

澳門實德有限公司\*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00487)

### ANNOUNCEMENT OF SECOND INTERIM RESULTS FOR THE TWELVE MONTHS ENDED 30 SEPTEMBER 2008

#### SECOND INTERIM RESULTS

The board of directors (the “Board”) of Macau Success Limited (the “Company”) announces the second unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the twelve months ended 30 September 2008 together with the comparative figures for the corresponding period in 2007. This second interim results announcement is prepared due to the change of the financial year end date of the Company from 30 September to 31 December, which enabled the Group as well as the associates of the Company relating to the Group’s flagship investment project, Ponte 16, to have a coterminous year end date. The results are as follows:

#### CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE TWELVE MONTHS ENDED 30 SEPTEMBER 2008

		For the twelve months ended 30 September	
	Note	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Audited)
<b>TURNOVER</b>	2	<b>328,206</b>	103,754
Cost of sales		<u>(225,100)</u>	<u>(8,069)</u>
Gross profit		<b>103,106</b>	95,685
Other revenue		<b>10,458</b>	30,693
Gain on partial disposal of a subsidiary		<b>116,992</b>	–
Change in fair value of derivative financial instruments		<b>(389)</b>	–
Administrative expenses		<u>(138,457)</u>	<u>(92,309)</u>
<b>PROFIT FROM OPERATIONS</b>	3	<b>91,710</b>	34,069
Finance costs		<b>(552)</b>	(1,675)
Share of results of associates		<u>(123,990)</u>	<u>(15,450)</u>
<b>(LOSS)/PROFIT BEFORE TAXATION</b>		<b>(32,832)</b>	16,944
Income tax	4	<u>(1,172)</u>	<u>(672)</u>
<b>(LOSS)/PROFIT FOR THE PERIOD</b>		<u><b>(34,004)</b></u>	<u>16,272</u>

\* For identification purpose only

	<b>For the twelve months ended</b>	
	<b>30 September</b>	
	<b>2008</b>	2007
<i>Note</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
<b>ATTRIBUTABLE TO:</b>		
Equity shareholders of the Company	<b>(34,159)</b>	2,314
Minority interests	<b>155</b>	13,958
	<u><b>(34,004)</b></u>	<u>16,272</u>
<b>(LOSS)/PROFIT FOR THE PERIOD</b>		
<b>(LOSS)/EARNINGS PER SHARE</b>		
– Basic	<b>5 (HK1.42 cents)</b>	HK0.11 cents
– Diluted	<u><b>N/A</b></u>	<u>N/A</u>

## CONDENSED CONSOLIDATED BALANCE SHEET

AT 30 SEPTEMBER 2008

		At 30 September 2008 <i>HK\$'000</i> (Unaudited)	At 30 September 2007 <i>HK\$'000</i> (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		89,710	87,945
Goodwill		8,332	1,313
Intangible assets		41,553	–
Interest in associates		1,101,539	886,930
Deferred tax assets		848	–
		<u>1,241,982</u>	<u>976,188</u>
<b>CURRENT ASSETS</b>			
Inventories		1,251	1,323
Trade and other receivables	7	129,872	18,398
Tax recoverable		1,301	–
Pledged bank deposits		7,712	751
Cash and bank balances		161,283	200,719
		<u>301,419</u>	<u>221,191</u>
<b>CURRENT LIABILITIES</b>			
Bank overdrafts		257	–
Trade and other payables	8	49,301	106,422
Tax payable		1,352	961
Derivative financial instruments		1,077	–
Profit guarantee liabilities		10,617	–
		<u>62,604</u>	<u>107,383</u>
<b>NET CURRENT ASSETS</b>		<u>238,815</u>	<u>113,808</u>

	At 30 September 2008	At 30 September 2007
<i>Note</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>1,480,797</b>	1,089,996
<b>NON-CURRENT LIABILITIES</b>		
Loans payables	169,339	–
Due to a related company	20,158	–
Deferred tax liabilities	83	83
Financial guarantee contract	47,250	63,000
Profit guarantee liabilities	34,883	–
Other financial liabilities	44,513	–
	<u>316,226</u>	<u>63,083</u>
<b>NET ASSETS</b>	<b><u>1,164,571</u></b>	<b><u>1,026,913</u></b>
<b>CAPITAL AND RESERVES</b>		
Share capital	24,390	21,995
Reserves	1,084,428	954,935
	<u>1,108,818</u>	<u>976,930</u>
<b>EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY</b>	<b>1,108,818</b>	976,930
Minority Interests	55,753	49,983
	<u>1,164,571</u>	<u>1,026,913</u>
<b>TOTAL EQUITY</b>	<b><u>1,164,571</u></b>	<b><u>1,026,913</u></b>

Notes:

## 1. BASIS OF PREPARATION

These 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, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

On 31 October 2008, the Board passed an ordinary resolution to change the financial year end date of the Company. The reason for the change is to enable the Group, its subsidiaries and associates to have a coterminous year end date, thereby facilitating the preparation of the Group’s consolidated financial statements and saving audit costs accordingly.

As a result, the current financial period covers a 15-month period from 1 October 2007 to 31 December 2008. Accordingly, the Company prepared the second unaudited consolidated interim results for a 12-month period from 1 October 2007 to 30 September 2008.

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 2007, except for the adoption of the following Hong Kong Financial Reporting Standards (“HKFRSs”), which are adopted for the first time in the current period’s financial statements.

HKAS 1 (Amendments)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions
HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new and revised HKFRSs does not have significant impact on the Group’s operating results or financial position. The Group has not applied any new and revised 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 2007. The condensed consolidated interim 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 twelve months ended 30 September 2008 analysed by business segments and geographical segments are as follows:

### a) *Business segments*

	Cruise leasing and management		Travel		Consolidated	
	2008 <i>HK\$'000</i> (Unaudited)	2007 <i>HK\$'000</i> (Audited)	2008 <i>HK\$'000</i> (Unaudited)	2007 <i>HK\$'000</i> (Audited)	2008 <i>HK\$'000</i> (Unaudited)	2007 <i>HK\$'000</i> (Audited)
<b>Revenue</b>						
Turnover	96,000	95,901	232,206	7,853	328,206	103,754
Other revenue	214	184	1,327	72	1,541	256
Total revenue	<u>96,214</u>	<u>96,085</u>	<u>233,533</u>	<u>7,925</u>	<u>329,747</u>	<u>104,010</u>
<b>Results</b>						
Segment results	18,720	32,035	(211)	(513)	18,509	31,522
Interest income					4,619	10,048
Gain on partial disposal of a subsidiary					116,992	–
Gain of disposal of securities					–	4,391
Gain on disposal of available for sale investment					–	10,330
Other income					4,298	5,668
Unallocated operating expenses					<u>(52,708)</u>	<u>(27,890)</u>
Profit from operations					91,710	34,069
Finance costs					(552)	(1,675)
Share of results of associates					<u>(123,990)</u>	<u>(15,450)</u>
(Loss)/Profit before taxation					(32,832)	16,944
Income tax					<u>(1,172)</u>	<u>(672)</u>
(Loss)/Profit for the period/year					<u>(34,004)</u>	<u>16,272</u>

b) *Geographical segments*

	For the twelve months ended 30 September			
	Turnover		Segment results	
	2008	2007	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Hong Kong	4,309	7,853	(455)	(471)
South China Sea, other than in Hong Kong	96,000	95,901	18,720	32,035
North America	227,897	–	282	–
Macau	–	–	(38)	(42)
	<u>328,206</u>	<u>103,754</u>	<u>18,509</u>	<u>31,522</u>

3. **PROFIT FROM OPERATIONS**

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

	For the twelve months ended	
	30 September	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
<b>Crediting:</b>		
Gain on disposal of property, plant and equipment	(275)	–
Gain on partial disposal of a subsidiary	(116,992)	–
Gain on disposal of securities	–	(4,391)
Gain on disposal of available-for-sale investment	–	(10,330)
Dividend from available-for-sale investment	–	(1,133)
Interest income	(4,699)	(10,197)
	<u>                    </u>	<u>                    </u>
<b>Charging:</b>		
Auditors' remuneration	1,665	947
Change in fair value of derivative financial instruments	389	–
Depreciation	10,343	8,710
Operating lease rentals		
– land and buildings	4,123	4,398
– plant and machinery	142	40
Staff costs (including contribution of retirement scheme of HK\$775,000 (2007: HK\$629,000))	47,028	36,023
	<u>                    </u>	<u>                    </u>

#### 4. INCOME TAX IN THE INCOME STATEMENT

	For the twelve months ended	
	30 September	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Current tax		
– Hong Kong	1,172	804
Deferred taxation	–	(132)
Tax expenses	<u>1,172</u>	<u>672</u>

The provision for Hong Kong profits tax is calculated at 16.5% (for the twelve months ended 30 September 2007: 17.5%) of the assessable profits arising in Hong Kong for the period. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

#### 5. (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share is based on the (loss)/profit for the period attributable to the equity shareholders of the Company of approximately HK\$34,159,000 (for the twelve months ended 30 September 2007: HK\$2,314,000) and on weighted average number of 2,407,655,000 ordinary shares (for the twelve months ended 30 September 2007: 2,174,642,000 ordinary shares) in issue during the both periods.

There was no dilution effect on the basic (loss)/earnings per share for the twelve months ended 30 September 2008 and 30 September 2007 respectively as there were no dilutive instruments outstanding during both periods.

#### 6. DIVIDENDS

The directors of the Company do not recommend the declaration of any interim dividend for the period (for the twelve months ended 30 September 2007: Nil).

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



## 7. TRADE AND OTHER RECEIVABLES

	At 30 September 2008 <i>HK\$'000</i> (Unaudited)	At 30 September 2007 <i>HK\$'000</i> (Audited)
Trade receivables	15,720	996
Deposits, prepayment and other receivables	<u>114,152</u>	<u>17,402</u>
	<u><b>129,872</b></u>	<u><b>18,398</b></u>

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

Included in deposits, prepayment and other receivables is a deposit of HK\$60 million paid to 上海永德投資有限公司 (“上海永德”), an independent third party, upon signing of a letter of intent and a confidentiality agreement on 10 January 2008 for the proposed acquisition by a wholly-owned subsidiary of the Company of at least 10% and not more than 51% of the entire issued share capital of 重慶林科物業發展有限公司, a then 90% owned subsidiary of 上海永德.

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

	At 30 September 2008 <i>HK\$'000</i> (Unaudited)	At 30 September 2007 <i>HK\$'000</i> (Audited)
Current to 30 days	10,954	727
31 to 60 days	2,352	165
61 to 90 days	620	–
Over 90 days	<u>1,794</u>	<u>104</u>
	<u><b>15,720</b></u>	<u><b>996</b></u>

The Group normally allows a credit period of 30 days to customers of cruise leasing and management (for the twelve months ended 30 September 2007: 30 days) and 30 days to customers of traveling business (for the twelve months ended 30 September 2007: 30 days).

## 8. TRADE AND OTHER PAYABLES

	At 30 September 2008 <i>HK\$'000</i> (Unaudited)	At 30 September 2007 <i>HK\$'000</i> (Audited)
Trade payables	17,772	163
Accrued charges and other payables	<u>31,529</u>	<u>106,259</u>
	<u><b>49,301</b></u>	<u><b>106,422</b></u>

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

At 30 September 2007, 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. The amount was applied as part of consideration upon completion of the disposal on 29 October 2007.

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

	At 30 September 2008 <i>HK\$'000</i> (Unaudited)	At 30 September 2007 <i>HK\$'000</i> (Audited)
Current to 30 days	5,430	149
31 to 60 days	4,384	1
61 to 90 days	2,175	–
Over 90 days	<u>5,783</u>	<u>13</u>
	<u><b>17,772</b></u>	<u><b>163</b></u>

## 9. POSSIBLE IMPACT OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE PERIOD ENDED 30 SEPTEMBER 2008

The Group has not early applied the following new standards, amendments and interpretations that have been issued but are not yet effective. The Group is in the process of making an assessment of the impact of these new standards, amendments and interpretations upon initial application but is not yet in a position to state whether these new standards, amendments and interpretations would have a significant impact on the Group's results of operations and financial position.

HKAS 1 (Revised)	Presentation of Financial Statements <sup>1</sup>
HKAS 23 (Revised)	Borrowing Costs <sup>1</sup>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>2</sup>
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation <sup>1</sup>
HKAS 39 (Amendments)	Eligible Hedged Items <sup>2</sup>
HKFRS 1 & HKAS 27 (Amendments)	Cost of Investment in a Subsidiary, Jointly Controlled Entities or Associates <sup>1</sup>
HKFRS 2 (Amendments)	Vesting Conditions and Cancellations <sup>1</sup>
HKFRS 3 (Revised)	Business Combinations <sup>2</sup>
HKFRS 8	Operating Segments <sup>1</sup>
HK(IFRIC)-Int 13	Customer Loyalty Programmes <sup>4</sup>
HK(IFRIC)-Int 15	Agreement for the Construction of Real Estate <sup>1</sup>
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation <sup>5</sup>

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

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

<sup>3</sup> *Effective for annual periods beginning on or after 1 January 2008*

<sup>4</sup> *Effective for annual periods beginning on or after 1 July 2008*

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### Results

For the period under review, the Group's turnover was approximately HK\$328.2 million, representing a tremendous increase of approximately 216% as compared to the last corresponding period (2007: approximately HK\$103.8 million). Gross profit was approximately HK\$103.1 million (2007: approximately HK\$95.7 million). Loss attributable to equity shareholders of the Company amounted to approximately HK\$34.2 million, compared to a profit attributable to equity shareholders of approximately HK\$2.3 million in 2007. As a result, HK1.42 cents was recorded as the loss per share for the period (earnings per share in 2007: HK0.11 cents).

The turnover for travel business and hence the Group's consolidated turnover surged due to the acquisition of the business of the Jade Travel Group (as defined below under sub-section headed "Acquisition of the Jade Travel Group") on 31 July 2008. As for the cruise business, its turnover remained stable; its performance, however, deteriorated.

The loss incurred during the period under review was attributable to the loss of the Company's associates relating to the Group's flagship project in Macau, Ponte 16 (the "Associates"), shared by the Group and the lower profit contribution of cruise business.

The loss shared by the Group from the Associates for the period under review was HK\$124 million compared with the loss of HK\$15.5 million in the corresponding period of the previous year. The loss for the twelve months ended 30 September 2008 was mainly attributable to the depreciation charges and high operating costs in the initial stage of operation of the business of Ponte 16. This loss more than offset the Group's gain on disposal of approximately 5% effective interest in Ponte 16 to Maruhan Corporation ("Maruhan"), which amounted to approximately HK\$117 million.

The Group's cruise business for the period under review has also been adversely affected by high fuel oil and operating costs resulting in a decrease in its contribution to the Group's results.

The Company issued a profit warning announcement on 24 September 2008 to convey these messages to its shareholders and potential investors.

## **Interim dividend**

The directors of the Company (the “Director(s)”) do not recommend the declaration of any interim dividend for the twelve months ended 30 September 2008 (2007: Nil).

## **Review of operations**

### ***Cruise Business***

During the period under review, leasing and management of the Group’s cruise ship, M.V. Macau Success (in which the Group has 55% interest) continued to contribute stable turnover to the Group. Yet, it ceased to be the major turnover contributor. Turnover from the cruise business was approximately HK\$96.0 million (2007: approximately HK\$95.9 million), accounting for approximately 29.3% of the Group’s total turnover. In 2007, it accounted for 92.4% of the Group’s total turnover. Such a change is driven by the significant increase in the turnover of the travel business, which was explained in the above section headed “**Results**”. Segment profit from this business decreased by 41.6% to approximately HK\$18.7 million compared with approximately HK\$32.0 million in the corresponding period in 2007. This reduction in profitability stemmed from a surge in fuel and operating costs.

### ***Travel Business***

During the period under review, turnover from the travel business increased tremendously to HK\$232.2 million (2007: HK\$7.9 million). The travel business accounted for approximately 70.7% of the Group’s total turnover and became the major turnover contributor (2007: approximately 7.6% of the Group’s total turnover). Segment loss from this business narrowed to approximately HK\$0.2 million (2007: approximately HK\$0.5 million) due to the profit contributed from the Jade Travel Group.

It is the Group’s strategy to develop the travel business as a unique platform, providing professional travel services to high-end customers worldwide and to direct traffic to the Group’s cruise business and Ponte 16.

## ***Investment Project – Ponte 16***

Ponte 16 is a world-class integrated casino-entertainment resort comprising a five-star luxury hotel – Sofitel Macau At Ponte 16, a casino, a shopping arcade and food and beverage facilities. Featuring a unique European theme infused with Chinese elements, the development project is located at Pier 16, which has been in operation since the beginning of the last century and is now a famous historical landmark. A five-minute ferry connection between Ponte 16 and Zhuhai provides a convenient access for tourists.

For the twelve months' period ended 30 September 2008, the total number of visitor arrivals in Macau totalled 29.9 million, representing an increase of 17.2% year-on-year. However, with various restrictive measures imposed on the mainland visitors travelling to Macau since May 2008 and the breakout of global financial tsunami in August 2008, the growth in Macau tourism has slowed down. Growth in gaming revenue has also slowed down in the quarter ended 30 September 2008. The overall operating environment in Macau was less favourable than a year before.

During the period under review, Ponte 16 has started operation in several stages. Casino of Ponte 16 commenced operation in February 2008 with a grand opening ceremony. Key local government officials and celebrities were invited to be the guests of the event and it turned out to be widely covered in the Hong Kong and Macau media. Sofitel Macau At Ponte 16 was opened to the public in August 2008 and a marketing campaign was launched at its soft opening stage. In September 2008, the high-limit betting area also started operation.

There was a six-month delay in obtaining the hotel license for Sofitel Macau At Ponte 16, which exerted negative impact on the Group's planning. However, after the opening of the hotel in August 2008, against the backdrop of less favourable market environment, the key operation indicators including the number of visitors to casino at Ponte 16 and the occupancy rate have improved steadily over time.

Ponte 16 is one of the popular destinations for the locals and tourists. The highest number of visitors recorded in one single day amounted to 30,000 during the Chinese New Year period. The average number of visitors per day since the opening of Ponte 16 is around 10,000. Average daily mass drop during the period under review was approximately HK\$13 million. The business performance of Ponte 16 has improved with more new facilities coming on-stream.

However, as the project was still in its early stage of operation, the operating costs including staff costs, training costs as well as marketing and promotion expenses were higher. Coupled with the depreciation charges, the loss incurred by Ponte 16 shared by the Group during the period under review amounted to approximately HK\$124 million. Yet, we believe the unique advantages of Ponte 16 and the marketing efforts of Ponte 16 together with the Accor Group (the group managing the operation of Sofitel Macau At Ponte 16) helped offset the negative impact of the unfavourable market environment.

## **Financial review**

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

As at 30 September 2008, the Group had net current assets of approximately HK\$238.8 million (30 September 2007: approximately HK\$113.8 million) and had net assets of approximately HK\$1,164.6 million (30 September 2007: approximately HK\$1,026.9 million).

As at 30 September 2008, the Group had bank overdrafts of approximately HK\$0.3 million (30 September 2007: Nil) and did not have any financial lease obligations (30 September 2007: Nil).

As at 30 September 2008, the Group had interest-bearing loan from a related company of approximately HK\$20.2 million (30 September 2007: Nil). The loan is unsecured and charged with interest at the rate of 4% per annum and have no fixed terms of repayment.

As at 30 September 2008, there were loans from minority shareholders of approximately HK\$129.9 million (30 September 2007: Nil) and other loan payable of approximately HK\$ 39.5 million (30 September 2007: Nil). The loans are interest-free, unsecured and will not be repaid within the next twelve months.

Equity attributable to equity shareholders of the Company as at 30 September 2008 was approximately HK\$1,108.8 million (30 September 2007: approximately HK\$976.9 million).

Accordingly, the gearing ratio, which was measured on the basis of the interest-bearing borrowings of the Group over equity attributable to equity shareholders of the Company, was 1.8% for the twelve months ended 30 September 2008 (30 September 2007: Nil).

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

As at 30 September 2008, the Group pledged the time deposits of approximately HK\$0.8 million (30 September 2007: HK\$0.8 million) to certain banks for issuance of several bank guarantees of approximately HK\$0.8 million (30 September 2007: HK\$0.8 million) for operation of the Group.

As at 30 September 2008, the Company pledged the time deposits of CAD0.9 million (equivalent to approximately HK\$6.9 million) (30 September 2007: Nil) to a bank for issuance of a standby letter of credit facility of up to CAD1.2 million (equivalent to approximately HK\$9.2 million) (30 September 2007: Nil) for operation of Jade Travel Ltd.

As at 30 September 2008, World Fortune Limited (“World Fortune”) pledged all (30 September 2007: 100%) of its shares in Pier 16 – Property Development Limited (“Pier 16 – Property Development”) to a bank, for and on behalf of the syndicate of lenders, in respect of a syndicated loan facility granted to Pier 16 – Property Development.

### ***Contingent Liabilities***

At the balance sheet date, the Group gave the following undertaking:

Syndicated loan facilities granted to an associate held by a non wholly-owned subsidiary of the Company was HK\$1,600 million (30 September 2007: HK\$1,600 million). The maximum guarantee amount borne by the Company was HK\$860 million (30 September 2007: HK\$860 million). The total loan outstanding for the syndicated loan facilities of the associate at the balance sheet date was HK\$1,310 million (30 September 2007: HK\$1,010 million).

As at 30 September 2008, Jade Travel Ltd. (Canada) obtained a letter of guarantee from the bank which amounted to CAD1.4 million (equivalent to approximately HK\$10.2 million) (30 September 2007: Nil) in favour of various airlines of secure payment of airline ticket purchases.



## **Human resources**

As at 30 September 2008, the Group had a total of 433 employees. Remuneration is determined on the basis of qualification, 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.

## **Corporate initiatives**

During the period under review, the Group has made several strategic moves to accelerate the future development of the Group.

### ***Partnership with Maruhan***

In October 2007, the Company through its then wholly-owned subsidiary, Golden Sun Profits Limited (“Golden Sun”), disposed to Maruhan of 10.2% of the entire issued share capital of, and related shareholder’s loan to, World Fortune for a consideration of approximately HK\$208.5 million. World Fortune mainly owns a 49% equity interest in Pier 16 – Property Development.

The Company and Maruhan also entered into a subscription agreement in October 2007, pursuant to which Maruhan has subscribed for and the Company has allotted and issued 220 million new shares of the Company at a subscription price of HK\$1.062 each. Besides, Maruhan also acquired 220 million shares of the Company from the market in October 2007.

Consequently, Maruhan currently holds approximately 18% interest in the Company and through its equity interest in the Company and World Fortune, Maruhan currently has an effective interest of about 13% in Pier 16 – Property Development and has become a strategic investor of the Group.

Maruhan, a leading Japanese company in the pachinko industry with more than 1 million memberships and extensive business network in Japan, is expected to bring more Japanese and Korean customers to Ponte 16.

### ***Acquisition of the Jade Travel Group***

On 31 July 2008, the Company acquired the entire issued share capital of Smart Class Enterprises Limited (“Smart Class”) for CAD2.9 million (equivalent to approximately HK\$22.6 million) (the “Acquisition”), which was settled by the allotment and issue of 19.5 million new shares of the Company at an agreed issue price of HK\$1.16 per share on the same date pursuant to a conditional sale and purchase agreement dated 5 May 2008. The fair value of the shares allotted on 31 July 2008 was HK\$1.12 per share. The principal asset of Smart Class is its 80% equity interest in certain companies in Canada and the United States of America (“US”) which conduct the business of air travel consolidator, travel agent, tour provider and provider of related services in Canada and US (the “Jade Travel Group”). Since then, the Company has indirectly held 80% equity interest in the Jade Travel Group.

With the extensive office network of the Jade Travel Group in Vancouver, Calgary, Toronto, Montreal and New York, the Group’s international network in the travel business has been strengthened substantially, paving the way for the Company to create synergies for the other business segments by cross-selling between the integrated casino-entertainment resort and the tour packages.

### ***Partnership with SBI Macau***

On 7 July 2008, the Company entered into a letter of intent with SBI Holdings, Inc. (“SBI Holdings”) in relation to the future investment or carrying on of any casino and related entertainment and resort business as well as real estate business in Japan.

On 8 August 2008, the Company through its wholly-owned subsidiary, Favor Jumbo Limited, sold and assigned to SBI Macau Holdings Limited (“SBI Macau”), a wholly-owned subsidiary of SBI Holdings, 4.55% of the entire issued share capital of, and related shareholder’s loan to, Golden Sun for a total consideration of HK\$130 million, pursuant to a conditional sale and purchase agreement dated 7 July 2008.

Yet, according to HKAS 39, this transaction, together with the option granted, does not constitute a disposal as the Group still retains substantially all the risks and rewards of ownership of the sale shares after completion of this transaction. Accordingly, the Group shall continue to recognise the 4.55% equity interest in Golden Sun after completion of this transaction.

SBI Holdings and its subsidiaries are principally engaged in asset management, brokerage and investment banking, housing and real estate businesses and the provision of other financial services. The Company will benefit from SBI Macau's extensive experience in asset management and real estate development and SBI Holdings can provide funding and investment recommendations to Ponte 16.

## **Prospects**

Looking forward, the Group expects the global economic environment to remain challenging and at this stage, it is not feasible to predict how far and how long the financial tsunami would impact our operating environment.

Cruise business will face further challenges due to the volatility of fuel price and the close link between fuel price and the operating margin of this business. We will continue to closely monitor the macro environment and constantly strive to improve our operating efficiency.

The Group's travel business is expected to develop steadily. After the acquisition of the Jade Travel Group, the expanded travel platform, which has better economies of scale and higher operational efficiency, can diversify our customer mix, promote traffic to Ponte 16 and create synergies among our core businesses. The unique platform will bolster the Group's expansion in the gaming, entertainment-related business in the Asia-Pacific region. More marketing and branding programmes will be launched to promote the unique advantages of Ponte 16. In the long term, management is positive on the outlook of Ponte 16.

Management believes that the recent policies taken by the Macau government will exert positive influence on Macau's infrastructure and economy ultimately. The Group will continue to take proactive measures to increase traffic to Ponte 16. The expanded travel platform and network can diversify customer mix as well as boost inbound traffic from US and Canada to Macau. Ponte 16 is also well-equipped to serve customers from different destinations. The broadening of the customer base can alleviate the effect of the recent regulatory measures imposed on the mainland visitors by the Central People's Government of the People's Republic of China on the business of Ponte 16.

In terms of corporate strategies, management is committed to developing tourist and entertainment-related businesses in the Asia-Pacific region. Leveraging on the strategic partnerships with Maruhan and SBI Holdings, the Company is well-positioned to enter Japan's gaming market pending the issuance of gaming license there. Yet, facing the recent global economy slowdown, management would be more prudent in the formulation and implementation of corporate strategies.

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

During the twelve months ended 30 September 2008, 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 of Hong Kong Limited (the “Listing Rules”) during the twelve months ended 30 September 2008.

## **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 of 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 throughout the twelve months ended 30 September 2008.

## **AUDIT COMMITTEE**

The Audit Committee of the Company (the “Audit Committee”) 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 as required under the Listing Rules.

The primary duties of the Audit Committee include, inter alia, monitoring integrity of the financial statements of the Company and ensuring objectivity and credibility of financial reporting, reviewing the internal control system of the Group as well as overseeing the relationship with the external auditors of the Company.

## **REVIEW OF SECOND INTERIM RESULTS**

The second unaudited interim results for the twelve months ended 30 September 2008 have been reviewed by the Audit Committee and 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 SECOND INTERIM RESULTS ANNOUNCEMENT AND SECOND INTERIM REPORT**

This second interim results announcement is published on the website of The Stock Exchange of Hong Kong Limited 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 Second Interim Report 2008 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, 18 December 2008

*As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Yeung Hoi Sing, Sonny (Chairman) and Mr. Ma Ho Man, Hoffman (Deputy Chairman); 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.*