

Chairman's Statement

CHANGE OF COMPANY NAME

With effect from 5 November 2003, the Company's name was changed from China Development Corporation Limited to Macau Success Limited, in order to reflect the plan of the Group to develop business in Macau in view of the prosperous investment sentiment of Macau.

BUSINESS REVIEW

During the year ended 30 September 2003, the Group's overall performance was satisfactory. Profit attributable to shareholders was approximately HK\$35.6 million, increased 130.9% when compared to that of last year. The construction business was under smooth progress with a few projects underway. Turnover from the retail business was on the rise despite the impact of Severe Acute Respiratory Syndrome ("SARS") during the first half of 2003. The Group's turnover, mainly contributed by the retail and construction business, was approximately HK\$116.8 million, representing a decrease of approximately 61.3% from that of last year.

The drop in turnover was due to the disposal of a major subsidiary group in Singapore, engaged in the construction business, named Sum Cheong Group. Despite its significant contribution of turnover, the Group disposed of the subsidiary in view of its operating loss incurred which would hamper the overall performance of the Group. Pursuant to the disposal, the Group was released from its obligations of approximately S\$48.9 million (approximately HK\$220.1 million), and all other commitments, liabilities and contingent liabilities.

During the year under review, the Group carried out a series of transactions to improve its overall financial position. In January 2003, the Company announced the capital reorganisation under which 10 shares of the Company have been consolidated into 1 share and the par value of the shares of the Company has been reduced from HK\$4.00 each to HK\$0.01 each. The credit of approximately HK\$594.8 million arisen as a result of the capital reduction were credited to eliminate accumulated losses of the Company.

In July 2003, the controlling shareholders and the Board of Directors of the Company have changed. At the same time, a deed of settlement has been entered with the lenders of other loans to settle the outstanding loan amounting HK\$56.1 million in full by paying a settlement sum of HK\$20 million. As a result, the Group recorded a gain on waiver of loans of approximately HK\$36.0 million.

Together with the subsequent placements undertaken by the Company, the indebtedness and cash flow position of the Company has been greatly improved. On the other hand, the management has endeavoured to implement a series of plans on effective cost control and reshuffle of resources in a bid to focus on profitable business.

OUTLOOK

The execution of the "Individual Visit Scheme" by the PRC government stimulated the general business environment of Hong Kong. Among which, retail and tourism were mostly benefited. In order to grasp the opportunities arisen, the Group set up Travel Success Limited to develop the tourism business.

The Group also considered that stable source of revenue is an important backup to further develop the Group's business. As a result, the Group acquired a 55% interest in a cruise ship, namely "Macau Success", for leasing purpose in order to provide stable cash inflow to the Group.



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Looking forward, the tourism industry will continue to be prosperous supported by the opening of Hong Kong Disneyland in 2005. Besides, with the transformation of Macau into “Asian Las Vegas” after the issuance of more casino-operating licences by the Macau government and the development of HK-Zhuhai-Macau Bridge, the Macau economy will continue to expand in the coming years. Accordingly, the Group will strategically focus on the development of the retail, travel and cruise businesses and at the same time, will capture the growth and further explore and, when opportunities arise, invest in new business with good potential in Macau.

ACKNOWLEDGEMENTS

Last but not the least, I would like to thank my fellow directors, dedicated employees, our supportive shareholders and our loyal customers and suppliers for their confidence and continued support in the Group.

Yeung Hoi Sing, Sonny

Chairman

Hong Kong
27 January 2004

