



BUSINESS REVIEW

For the year ended 30 September 2004, business performance of the Group was satisfactory. The Group had a 64.3% increase in turnover when compared with that of last year. The profit attributable to shareholders of approximately HK\$15.4 million, decreased 56.8% when compared to that of last year. The decrease was principally attributed to the one-off gain of approximately HK\$36.2 million on waiver of loans recorded in 2003. Other than this non-recurring item, net profit purely derived from recurring operations is substantially improved from a loss of approximately HK\$0.5 million in 2003 to a profit of approximately HK\$11.4 million in 2004. It represents 23.8 times rebound as compared to the last corresponding year.

In January 2004, the Group acquired a 55% interest in MV Macau Success. Through this investment, the Group's earning potential and recurring income base should be strengthened in the long run. As at 30 September 2004, the Group had cash on hand of approximately HK\$31.3 million which equipped the Group with adequate financial resources to meet with current expansion plans.

The Group has been prudent and far-sighted. On 9 March 2004, Macau Success Limited, the then ultimate holding company of the Group (and now known as Macau Success (Hong Kong) Limited ("MSHK")), proposed a group reorganisation (the "Group Reorganisation"). Upon the completion of the Group Reorganisation on 8 November 2004, the domicile of the ultimate holding company of the Group has been changed from Hong Kong to Bermuda. MSHK was then became a wholly-owned subsidiary of the Company and its listing status was simultaneously withdrawn. The Company became the ultimate holding company of the Group with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 9 November 2004. The principal purpose of the reorganisation was to allow any new assets, businesses or funds that may be injected into or be acquired by the Group to be directly held by the Company or its newly formed subsidiaries. This effectively reduces the financial and operational inherent uncertainties of the Group and safeguard the interests of the shareholders. In addition, the establishment of the Company in the Bermuda jurisdiction should provide more flexibility to the Company for distribution of earnings in the future. The setting up of companies directly under the new holding company should also facilitate the exploration of any possible future overseas business development opportunities and allow the Group to project a more international image to customers and business partners alike.

OUTLOOK

2004 was a year marked by milestones that helped to strengthen our business and fulfil key components of our long-term strategy. During the year, the Group defined tourists-related business and cruise leasing and management as its core businesses. In order to bring the organisational structure of the Group inline with our chosen strategy, we have disposed of and discontinued our non-core businesses – construction and retail in March and June 2004 respectively.

As mentioned in our Interim Report 2004, the Group foresees a very positive market in Macau and is keen to identify suitable investment opportunities for further development. Given the clear strategy of the Group, we have entered into a joint development of a theme park project, Ponte 16, through the incorporation of a joint-venture company namely Pier 16 – Property Development Limited (“Pier 16 – Property Development”). This project is undertaken jointly with SJM-Investimentos Limitada (“SJM-Investimentos”), a company incorporated in Macau which is a wholly-owned subsidiary of Sociedade de Jogos de Macau (“SJM”). It not only enables the Group to participate in the hotel business with gaming entertainment in Macau, but also provides synergistic effects for the Group’s existing cruise and travel agency businesses. With the proposed underwater pedestrian tunnel to be built from the site of Ponte 16 to Zhuhai city, Ponte 16 will become a key project for the Group and it is expected to bring in additional revenue to the Group upon its completion.



Ponte 16 is built on an aggregate gross floor area of approximately 63,584 square metres. It is comprised of a luxury hotel, a casino (subject to approval and to be run by SJM), a shopping arcade, cultural spaces and car parks. It is expected that the total investment in this project will reach approximately HK\$1.2 billion with due completion by the end of 2006. Pier 16 – Property Development has recently engaged an international well-known design architect to upgrade the design of the project to world-class level. The ground-breaking of Ponte 16 has been completed.

We anticipate continuous growth in this area, riding on the rapid expansion of Macau’s tourism industry resulting from the staggering influx of tourists from Mainland China under the “Individual Travel Scheme.” The investment in Ponte 16 is our first step into the booming market of Macau. It is the intention of the Group to increase our investment in hotel, casino and property related businesses in Macau in the near future.

Looking ahead, the Group will continue to cautiously focus not only on the existing on-going projects, but also to leverage its management skills, to grasp potential business opportunities, so as to improve the Group’s results and competitive position. The objective being to maximise value for shareholders.

ACKNOWLEDGEMENTS

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

Yeung Hoi Sing, Sonny
Chairman

Hong Kong
13 January 2005