

REPORT OF DIRECTORS

The Directors present their annual report together with the audited financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 30 September 2005.

1. GROUP REORGANISATION

Macau Success (Hong Kong) Limited (formerly known as Macau Success Limited) (“MSHK”) the former holding company of the Group which was formerly listed on the Stock Exchange put forward a group reorganisation (the “Group Reorganisation”), pursuant to which, a scheme of arrangement dated 27 August 2004 had been sanctioned by the Court of First Instance of the High Court, Hong Kong on 29 October 2004 and became effective on 8 November 2004.

Upon the completion of the Group Reorganisation, the Company became the holding company of the Group. MSHK was then delisted from the Stock Exchange on 8 November 2004, and the Company was listed on the Stock Exchange on 9 November 2004 in its place by way of introduction.

2. PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the leasing and management of the 55% owned cruise and other tourists-related businesses.

3. RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 35.

The directors do not recommend the payment of any dividends in respect of the year ended 30 September 2005.

4. SEGMENT INFORMATION

An analysis of the Group’s performance for the year by business and geographical segments is set out in note 7 to the financial statements.

5. FIVE-YEAR FINANCIAL SUMMARY

A financial summary of the Group for the past five financial years is set out on page 81.

6. SHARE CAPITAL

Details of the Company’s share capital are set out in note 30 to the financial statements.

7. RESERVES

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 38 of this report and other details of the reserves of the Group are set out in note 32 to the financial statements.

8. PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 17 to the financial statements.

9. SUBSIDIARY COMPANIES

As at 30 September 2005, particulars of the Company’s subsidiary companies are set out in note 19 to the financial statements.

10. DIRECTORS

The Directors who held office during the year and up to the date of this report were:

Executive Directors:

Mr. Yeung Hoi Sing, Sonny (*Chairman*)

Mr. Chan William (*Deputy Chairman*)

Mr. Lee Siu Cheung

Non-executive Director:

Mr. Choi Kin Pui, Russelle

Independent Non-executive Directors:

Mr. Luk Ka Yee, Patrick

Mr. Yim Kai Pung

Ms. Yeung Mo Sheung, Ann

In accordance with bye-law no. 87 of the Bye-laws, Mr. Lee Siu Cheung and Mr. Choi Kin Pui, Russelle will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

11. DIRECTORS' SERVICE CONTRACTS

The non-executive Director and independent non-executive Directors were appointed for a period of one year commencing on their respective appointment dates and subject to retirement by rotation according to the Bye-laws.

Save as disclosed above, none of the directors has a service contract with the Company which is not determinable by the Company within one year without payment other than statutory compensation.

12. DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in "Connected Transaction" below, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

13. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 30 September 2005, the Directors or chief executive of the Company and/or any of their respective associates had the following interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong (the "SFO")) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange:—

Name	Long position/ Short position	Nature of interest	Number of Shares	Approximate percentage of shareholding
Mr. Yeung Hoi Sing, Sonny (<i>Note 1</i>)	Long position	Corporate interest	775,488,802	40.72
Mr. Chan William (<i>Note 2</i>)	Long position	Corporate interest	332,352,630	17.45

Notes:

- Mr. Yeung Hoi Sing, Sonny is deemed to have corporate interest in 775,488,802 Shares by virtue of the interest of the Shares held by Silver Rich, which is wholly-owned by a discretionary trust, the beneficiaries of which are family members of Mr. Yeung Hoi Sing, Sonny.

2. Mr. Chan William is deemed to have corporate interest in 332,352,630 Shares by virtue of his interest in the issued share capital of Spring Wise.

Save as disclosed above, as at 30 September 2005, none of the Directors or chief executive, or their associates, had any personal, family, corporate or other interests in the securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

14. SHARE OPTIONS SCHEME AND DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Details of the share option scheme are set out in note 31 to the financial statements.

15. SUBSTANTIAL SHAREHOLDERS

As at 30 September 2005, so far as was known to the Directors or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO: –

Name	Long position/ Short position	Nature of interest	Number of Shares held	Approximate percentage of shareholding
Silver Rich	Long position	Corporate interest	775,488,802	40.72
Spring Wise	Long position	Corporate interest	332,352,630	17.45
Mr. Chan Hon Keung (Note 1)	Long position	Corporate interest	332,352,630	17.45
Penta Investment Advisers Ltd (Note 2)	Long position	Corporate interest	135,444,000	7.11
Zwaanstra John (Note 2)	Long position	Corporate interest	135,444,000	7.11
Moore Michael William (Note 2)	Long position	Corporate interest	135,444,000	7.11

Note:

- (1) Mr. Chan Hon Keung is deemed to have corporate interest in 332,352,630 Shares by virtue of his interest in the issued share capital of Spring Wise.
- (2) Mr. Zwaanstra John and Mr. Moore Michael William are deemed to have corporate interest in 135,444,000 Shares by virtue of their interests in the issued share capital of Penta Investment Advisers Ltd.

Save as disclosed above, as at 30 September 2005, so far as was known to the Directors, no other person had, or was deemed or taken to have an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

16. CONNECTED TRANSACTION

A loan agreement (the “Loan Agreement”) and an option deed (the “Option Deed”) both dated 7 March 2005 have been entered into between King Seiner (the “Borrower”), as borrower, and Joyspirit (the “Lender”), an indirect wholly-owned subsidiary of the Company, as lender, whereby the Lender will provide a loan facility of HK\$50 million to the Borrower and the Borrower agreed to grant an option to the Lender upon the terms and conditions contained therein.

The Borrower was owned as to 56% by Mr. Yeung Hoi Sing, Sonny (“Mr. Yeung”), 24% by Mr. Chan Hon Keung (“Mr. Chan”) and 20% by an independent third party. Both of Mr. Yeung, an executive director of the Company, and Mr. Chan were substantial shareholders of the Company under the definition of the Listing Rules. Therefore, the entering into the Loan Agreement and the Option Deed constituted connected transactions for the Company, details of which has been published in an announcement and a circular of the Company dated 10 March 2005 and 7 April 2005 respectively according to the disclosure requirements under the Listing Rules.

17. CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

The Company had no outstanding convertible securities, options, warrants or other similar rights as at 30 September 2005.

18. PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the year, there was no purchase, sale or redemption by the Company, or any of its subsidiaries of the listed securities of the Company.

19. MAJOR SUPPLIERS AND CUSTOMERS

During the year, the five largest customers of the continuing operations of the Group accounted for 95.7% of total turnover of the continuing operations of the Group of which the largest customer accounted for approximately 94.5% and the five largest suppliers of the continuing operations of the Group accounted for 56.7% of total purchases of the continuing operations of the Group, of which the largest supplier accounted for approximately 27.6%.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company’s issued share capital) had any beneficial interest in the above five largest customers or five largest suppliers, except that Mr. Yeung Hoi Sing, Sonny, executive Director, and Mr. Chan Hon Keung, substantial shareholder of the Company, are two of the Group’s five largest customers total accounted for approximately 0.4% of total turnover of the continuing operations of the Group.

20. CHARITABLE CONTRIBUTIONS

During the year, no charitable contributions (2004: Nil) were made by the Group.

21. POST BALANCE SHEET EVENTS

During the year, there is no significant event after the balance sheet date.

22. PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Bye-laws of the Company which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

23. SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

24. CORPORATE GOVERNANCE

The Company has published its Corporate Governance Report, details of which are set out on page 83 to 86 of this report.

25. AUDITORS

On 23 May 2003, Messrs. John K. H. Lo & Co. tendered their resignation as auditors of the Company and Messrs. Deloitte Touche Tohmatsu were appointed as auditors of the Company to fill the vacancy created by the resignation of Messrs. John K. H. Lo & Co.

On 17 September 2003, Messrs. Deloitte Touche Tohmatsu tendered their resignation as auditors of the Company and Messrs. CCIF CPA Limited were appointed as auditors of the Company to fill the vacancy left by the resignation of Messrs. Deloitte Touche Tohmatsu.

A resolution to re-appoint the retiring auditors, Messrs. CCIF CPA Limited, will be put at the forthcoming AGM.

On behalf of the board of
Macau Success Limited
Yeung Hoi Sing, Sonny
Chairman

Hong Kong, 10 January 2006