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Since its reorganisation in 2005, Macau Success has employed a three-pronged strategy based on gaming, cruise and the travel business. We executed against strategy in 2006, obtaining substantial revenues from our cruise business and reducing losses in our two travel agencies, which focus on high-end travelers and will play a crucial role when Ponte 16 has its soft opening in mid 2007.

I am particularly proud of the fast pace of developments with Ponte 16. Construction is now in full swing and we are targeting in mid 2007 to launch the first phase, including casino (subject to the approval of the Macau SAR Government). The rest of the facilities will be completed by March of 2008.

In February 2006, our joint venture, Pier 16 – Property Development Limited, (“Pier 16 – Property Development”) appointed AAPC Hong Kong Limited, a hotel management company, to manage the hotel facilities of Ponte 16 under Accor's deluxe brand Sofitel. The hotel will be named “Sofitel Macau @ Ponte 16” and feature restaurants, a health club and facilities for meeting, incentive, conference and exhibition customers. In April 2006, the Macau SAR Government approved our proposal to double the gross floor area to 126,500

square metres, which enabled us to develop a European Riviera theme. During the year, Mr. Lee Siu Cheung, executive director of Macau Success was promoted as Deputy CEO of Pier 16 – Property Development, and the two of us have been given overall responsibility for construction, design and launch of the hotel. Given the increasingly fierce competition in the Macau gaming industry, each of the major casino operators will need to develop a distinct identity. We believe that with the added floor space and Riviera theme, we will be able to differentiate ourselves and significantly increase the value of this business.

In April 2006, we improved our financial base through a private share placement and a major new investment by Joy Idea. I believe that Joy Idea's involvement will be crucial for our long-term success in Macau. Two days after we announced the change in our shareholder structure, we were able to celebrate the successful private placement at net proceeds of HK\$252 million in new shares, representing 10.98% of the enlarged share capital after the subscription. The funds was allocated to working capital. In addition to reflect a decision to concentrate on the development of Ponte 16, we terminated our loan agreement with King Seiner.

2006 was an eventful year for Macau, which saw the opening of significant new casino investments as well as the expansion of China's Individual Visit Scheme to include more mainland cities. Both annual visitor arrivals and gross gaming revenues reached the recorded highest. In September 2006, Macau's gaming revenues surpassed those of Las Vegas, making it the world's premier gaming destination. We responded to these exciting developments by increasing our stake in Ponte 16 to 49%, in order to deepen our commitment to Macau's gaming and entertainment sectors and lay a foundation in this vast market in the years to come.

2006 OPERATIONAL HIGHLIGHTS

Cruise Business

The cruise business was the principal revenue earner in 2006, providing stable income as well as significant synergy with our core business. The cruise business will play a key role as we develop our gaming, entertainment and tourist-related businesses. During the year, we upgraded our cruise interiors to improve the environment for customers.

Travel Business

The Group operates two travel companies in Hong Kong and Macau. As a result of cost optimisation, we were able to reduce losses in this business segment. Travel services create a platform for us to serve high-end customers and attract traffic to our cruise business and to Ponte 16.

Outlook

Over the coming year, the Macau economy is expected to remain robust with high employment.

As more hotel-casinos open and more Chinese cities are included in the Individual Visitor Scheme, Chinese visitors will continue to be the major source of growth both for gaming revenues and tourist arrivals. We plan to capture the growth momentum by focusing on Ponte 16. We believe that Ponte 16 will drive a major new revenue stream and add significant value to shareholders as well as other stakeholders including management, employees, and customers. Macau Success has a unique comparative advantage in Ponte 16, based on our partnership with SJM, our own very substantial management experience in casino and VIP halls, strong support from Macau SAR Government, our central location in Macau's historical district, our proximity to Zhuhai, and a world-class design with a unique historical and cultural theme. Upon completion of Ponte 16, we will leverage on our brand and competitive advantage to capture a major share of the emerging market, while stabilising growth and profits.

In the coming year, revenues from the cruise and travel business are expected to be stable. The Group will continue to maintain the strategy of developing Macau gaming and entertainment-related businesses in order to maximise growth potential; and to generate traffic to our cruise and other entertainment facilities, including Ponte 16.

We will continue to explore other opportunities on the fast growing island of Macau and beyond to increase the scale of our business and expand its scope. Based on our established businesses, strong foundation and focused approach, we believe that we are on the right track.

Appreciation

Finally, I would like to express my sincere appreciation to our investors, strategic partners and customers for their unfailing support and confidence. I would also like to extend my sincere gratitude to our dedicated employees for their many contributions and dedication.

Yeung Hoi Sing, Sonny
Chairman

Hong Kong
18 January 2007

