



**MACAU SUCCESS LIMITED**

**澳門實德有限公司\***

(Incorporated in Bermuda with limited liability)

(Stock Code: 0487)



*Interim  
Report*  
2007



## CONTENTS

	<i>Page</i>
Corporate Information	2
Operational Highlights	3
Condensed Consolidated Income Statement	4
Condensed Consolidated Balance Sheet	5
Condensed Consolidated Statement of Changes in Equity	6
Condensed Consolidated Cash Flow Statement	7
Notes to the Condensed Financial Statements	8
Independent Review Report	22
Management Discussion and Analysis	23
Disclosure of Interests	28
Purchase, Sale or Redemption of the Company's Listed Securities	31
Compliance with Code on Corporate Governance Practices	31
Compliance with Model Code for Securities Transactions by Directors	31
Audit Committee	32
Review of Interim Results	32

## CORPORATE INFORMATION

### Directors

#### Executive Directors

Mr. Yeung Hoi Sing, Sonny (*Chairman*)  
Mr. Lee Siu Cheung (*Deputy Chairman*)  
Mr. Ma Ho Man, Hoffman

#### 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

#### Company Secretary

Ms. Chiu Nam Ying, Agnes

#### Qualified Accountant

Mr. Luk Sai Wai, Simon

#### Authorised Representatives

Mr. Lee Siu Cheung  
Ms. Chiu Nam Ying, Agnes

#### Audit Committee

Mr. Yim Kai Pung (*Chairman*)  
Mr. Choi Kin Pui, Russelle  
Mr. Luk Ka Yee, Patrick  
Ms. Yeung Mo Sheung, Ann

#### Remuneration Committee

Mr. Yeung Hoi Sing, Sonny (*Chairman*)  
Mr. Choi Kin Pui, Russelle  
Mr. Luk Ka Yee, Patrick  
Mr. Yim Kai Pung  
Ms. Yeung Mo Sheung, Ann

#### Executive Committee

Mr. Yeung Hoi Sing, Sonny (*Chairman*)  
Mr. Lee Siu Cheung  
Mr. Ma Ho Man, Hoffman

#### Auditors

Messrs. CCIF CPA Limited

#### Legal Advisors on Hong Kong Law

Messrs. Iu, Lai & Li, Solicitors

#### Legal Advisors on Bermuda Law

Messrs. Conyers Dill & Pearman

#### Principal Bankers

Chong Hing Bank Limited  
Dah Sing Bank Limited  
Fubon Bank (Hong Kong) Limited  
Public Bank (Hong Kong) Limited  
The Bank of East Asia, Limited  
The Hongkong and Shanghai Banking Corporation Limited

#### Principal Share Registrar and Transfer Agent in Bermuda

Butterfield Fund Services (Bermuda) Limited  
Rosebank Centre  
11 Bermudiana Road  
Pembroke, HM 08  
Bermuda

#### Branch Share Registrar and Transfer Office in Hong Kong

Tengis Limited  
26th Floor  
Tesbury Centre  
28 Queen's Road East  
Wanchai  
Hong Kong

#### Registered Office

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

#### Head Office and Principal Place of Business

Suite 1601-2 & 8-10, 16/F.  
Great Eagle Centre  
23 Harbour Road  
Wanchai  
Hong Kong

#### Share Listing

The Stock Exchange of Hong Kong Limited  
Stock Code: 0487

#### Website

[www.macausuccess.com](http://www.macausuccess.com)



## OPERATIONAL HIGHLIGHTS

Unaudited results for the six months ended 31 March 2007

- Net profit attributable to equity shareholders was approximately HK\$6.7 million
- The Group's turnover increased slightly to approximately HK\$52.8 million
- Turnover from the cruise business was approximately HK\$47.9 million, with a segment profit of approximately HK\$19.6 million
- Turnover from the travel business increased 48.5% to approximately HK\$4.9 million
- The first phase of the Group's flagship project – Ponte 16 is targeted to commence operation in the second half of 2007
- The second phase of Ponte 16 is expected to commence operation by the first half of 2008

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 March 2007

		(Unaudited)	
		For the six months ended	
		31 March	
		2007	2006
	Notes	HK\$'000	HK\$'000
<b>TURNOVER</b>	2	<b>52,845</b>	50,941
Cost of sales		<b>(5,083)</b>	(3,292)
Gross profit		<b>47,762</b>	47,649
Other revenue		<b>10,504</b>	10,275
Administrative expenses		<b>58,266</b>	57,924
		<b>(42,278)</b>	(33,558)
<b>PROFIT FROM OPERATIONS</b>	3	<b>15,988</b>	24,366
Share of results of associates		<b>(607)</b>	17
Profit before taxation		<b>15,381</b>	24,383
Income tax	4	–	–
<b>PROFIT FOR THE PERIOD</b>		<b>15,381</b>	24,383
<b>ATTRIBUTABLE TO:</b>			
Equity shareholders of the Company		<b>6,700</b>	13,757
Minority interests		<b>8,681</b>	10,626
<b>PROFIT FOR THE PERIOD</b>		<b>15,381</b>	24,383
<b>INTERIM DIVIDEND</b>	5	–	3,209
<b>EARNINGS PER SHARE</b>			
– Basic	6	<b>HK0.31 cents</b>	HK0.72 cents
– Diluted		<b>N/A</b>	N/A

## CONDENSED CONSOLIDATED BALANCE SHEET

At 31 March 2007

		(Unaudited) 31 March 2007 HK\$'000	(Audited) 30 September 2006 HK\$'000
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	91,614	91,536
Goodwill	8	1,313	1,313
Available-for-sale investment	9	25,239	25,239
Interest in associates	10	800,686	376,015
		<b>918,852</b>	494,103
<b>CURRENT ASSETS</b>			
Inventories		1,353	1,178
Trade and other receivables	11	16,202	13,509
Pledged bank deposits		740	729
Cash and bank balances		107,046	468,876
		<b>125,341</b>	484,292
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	8,464	6,047
Tax payable		157	157
		<b>8,621</b>	6,204
<b>NET CURRENT ASSETS</b>			
		<b>116,720</b>	478,088
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<b>1,035,572</b>	972,191
<b>NON-CURRENT LIABILITIES</b>			
Loans from minority shareholders	13	5,056	5,056
Deferred tax liabilities		215	215
		<b>5,271</b>	5,271
<b>NET ASSETS</b>			
		<b>1,030,301</b>	966,920
<b>CAPITAL AND RESERVES</b>			
Share capital	14	21,995	21,395
Reserves	15	959,321	905,221
<b>EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY</b>			
		<b>981,316</b>	926,616
Minority Interests	15	48,985	40,304
<b>TOTAL EQUITY</b>			
		<b>1,030,301</b>	966,920

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 March 2007

	(Unaudited)								
	Attributable to equity shareholders of the Company								
	Share capital HK\$ '000	Share premium HK\$ '000	Distributable reserve HK\$ '000	Capital redemption reserve HK\$ '000	Property revaluation reserve HK\$ '000	Retained profits HK\$ '000	Total HK\$ '000	Minority interests HK\$ '000	Total equity HK\$ '000
At 1 October 2005	19,045	362,920	52,333	976	187,065	27,160	649,499	31,235	680,734
Net profit for the period	-	-	-	-	-	13,757	13,757	10,626	24,383
At 31 March 2006	19,045	362,920	52,333	976	187,065	40,917	663,256	41,861	705,117
At 1 October 2006	<b>21,395</b>	<b>612,516</b>	<b>52,333</b>	<b>976</b>	<b>187,065</b>	<b>52,331</b>	<b>926,616</b>	<b>40,304</b>	<b>966,920</b>
Allotment of consideration shares (note 14(a))	600	47,400	-	-	-	-	48,000	-	48,000
Net profit for the period	-	-	-	-	-	6,700	6,700	8,681	15,381
At 31 March 2007	<b>21,995</b>	<b>659,916</b>	<b>52,333</b>	<b>976</b>	<b>187,065</b>	<b>59,031</b>	<b>981,316</b>	<b>48,985</b>	<b>1,030,301</b>



## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 March 2007

	<b>(Unaudited)</b>	
	<b>For the six months ended</b>	
	<b>31 March</b>	
	<b>2007</b>	2006
	<b>HK\$'000</b>	HK\$'000
Net cash (used in)/generated from operating activities	<b>(213,002)</b>	18,078
Net cash (used in)/generated from investing activities	<b>(148,828)</b>	939
Net cash used in financing activities	<b>–</b>	(10,802)
Net (decrease)/increase in cash and cash equivalents	<b>(361,830)</b>	8,215
Cash and cash equivalents at beginning of the period	<b>468,876</b>	189,965
Cash and cash equivalents at end of the period	<b>107,046</b>	198,180
Analysis of balances of cash and cash equivalents		
Cash and bank balances	<b>107,046</b>	198,180





## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 31 March 2007

### 1. BASIS OF PREPARATION

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

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 2006.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), which term collectively includes all applicable individual Hong Kong Financial Reporting Standards, HKASs and interpretations issued by the HKICPA, that are effective for accounting periods beginning on or after 1 October 2006. The adoption of these new and revised HKFRSs did not result in significant changes to the accounting policies applied by the Company and the Group in the condensed consolidated financial statements for the period presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 21).

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 2006. The condensed consolidated 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 six months ended 31 March 2007 analysed by business segments and geographical segments are as follows:

### a) Business segments

For the six months ended 31 March 2007

	<b>Cruise leasing and management HK\$'000</b>	<b>Travel HK\$'000</b>	<b>Consolidated HK\$'000</b>
Turnover	<b>47,901</b>	<b>4,944</b>	<b>52,845</b>
Other revenue	<b>27</b>	<b>26</b>	<b>53</b>
	<b>47,928</b>	<b>4,970</b>	<b>52,898</b>
Segment results	<b>19,609</b>	<b>(354)</b>	<b>19,255</b>
Unallocated corporate income			<b>10,451</b>
Unallocated corporate expenses			<b>(13,718)</b>
Profit from operations			<b>15,988</b>
Share of results of associates			<b>(607)</b>
Profit before taxation			<b>15,381</b>

## 2. TURNOVER AND SEGMENT INFORMATION (Continued)

### a) Business segments (Continued)

For the six months ended 31 March 2006

	Cruise leasing and management HK\$'000	Travel HK\$'000	Consolidated HK\$'000
Turnover	47,660	3,281	50,941
Other revenue	26	35	61
	<u>47,686</u>	<u>3,316</u>	<u>51,002</u>
Segment results	<u>23,973</u>	<u>(203)</u>	23,770
Unallocated corporate income			10,214
Unallocated corporate expenses			(9,618)
Profit from operations			24,366
Share of results of associates			17
Profit before taxation			<u>24,383</u>

### b) Geographical segments

	For the six months ended 31 March			
	Turnover		Segment results	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Hong Kong	<b>4,944</b>	3,281	<b>(348)</b>	(192)
South China Sea, other than in Hong Kong	<b>47,901</b>	47,660	<b>19,609</b>	23,973
Macau	–	–	<b>(6)</b>	(11)
	<u><b>52,845</b></u>	<u>50,941</u>	<u><b>19,255</b></u>	<u>23,770</u>



### 3. PROFIT FROM OPERATIONS

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

	For the six months ended	
	31 March	
	2007	2006
	HK\$'000	HK\$'000
<b>Crediting:</b>		
Dividend from available-for-sale investment	(1,133)	(1,133)
Interest income	(6,922)	(8,177)
<b>Charging:</b>		
Auditor's remuneration	110	97
Depreciation	4,131	3,435
Loss on disposal of property, plant and equipment	23	2
Operating lease rentals		
– land and buildings	1,588	694
– plant and machinery	20	10
Staff costs (including contribution of retirement scheme of HK\$297,000 (2006: HK\$229,000))	17,375	14,272

### 4. INCOME TAX IN THE INCOME STATEMENT

No Hong Kong profits tax and taxation arising in other jurisdiction, in which the subsidiaries operate, has been provided for the six months ended 31 March 2007 as the Group has no estimated assessable profits for the period (for the six months ended 31 March 2006: HK\$Nil).

### 5. DIVIDEND

The directors of the Company do not recommend any payment of interim dividend for the six months ended 31 March 2007 (2006: HK0.15 cents per share).

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



## 6. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the equity shareholders of the Company is based on the following data:

	<b>For the six months ended</b>	
	<b>31 March</b>	
	<b>2007</b>	2006
	<b>HK\$'000</b>	HK\$'000
<b>Earnings</b>		
Earnings for the purpose of basic earnings per share	<b>6,700</b>	13,757
	<b>For the six months ended</b>	
	<b>31 March</b>	
	<b>2007</b>	2006
<b>Number of shares</b>		
Weighted average number of the shares for the purpose of basic earnings per share	<b>2,149,684,013</b>	1,904,464,233

There was no dilution effect on the basic earnings per share for the six months ended 31 March 2007 and 31 March 2006 respectively as there were no dilutive instruments outstanding during both periods.



## 7. PROPERTY, PLANT AND EQUIPMENT

	HK\$'000
Net book value as at 1 October 2006	91,536
Additions	4,232
Disposal	(23)
Depreciation charge for the period	(4,131)
Net book value as at 31 March 2007	<u>91,614</u>

## 8. GOODWILL

	HK\$'000
Net book value as at 1 October 2006 and 31 March 2007	<u>1,313</u>

## 9. AVAILABLE-FOR-SALE INVESTMENT

	<b>31 March 2007 HK\$'000</b>	30 September 2006 HK\$'000
Unlisted shares, at cost	<u>25,239</u>	<u>25,239</u>

On 13 July 2005, Top Region Assets Limited ("Top Region"), an indirect wholly-owned subsidiary of the Company, entered into an agreement with two independent third parties for the acquisition of 8.13% interest in the then issued share capital of Triumph Up Investments Limited ("Triumph Up"), a company incorporated in the British Virgin Islands, for a consideration of HK\$22,800,000. Including the acquisition expenses, the total investment cost was approximately HK\$25,239,000.

The unlisted investment in Triumph Up are measured at cost less accumulated impairment losses because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that the fair value cannot be measured reliably.

## 10. INTEREST IN ASSOCIATES

	<b>31 March 2007 HK\$'000</b>	30 September 2006 HK\$'000
Share of net assets	<b>439,948</b>	283,738
Goodwill on acquisition	<b>19,409</b>	4,581
Due from associates	<b>341,329</b>	87,696
	<b>800,686</b>	376,015

The amounts due from associates are unsecured, interest free and have no fixed terms of repayment.

Particulars of the associates as at 31 March 2007 are as follows:

Name of associate	Place of incorporation and operation	Particulars of issued and paid up capital	Proportion of ownership interest Group's effective interest	Held by		Principal activities
				the Company	a subsidiary	
Pier 16 – Property Development Limited	Macau	100,000 shares of MOP100 each	49%	–	49%	Investment, development and operation of an integrated hotel resort project “Ponte 16”
Pier 16 – Management Limited	Macau	2 shares of MOP24,000 and MOP1,000 respectively	49%	–	49%	Provision of management services for development of an integrated hotel resort project “Ponte 16”
Pier 16 – Resort Hotel Management Limited*	Macau	2 shares of MOP24,000 and MOP1,000 respectively	49%	–	49%	Provision of management services for an integrated hotel resort project “Ponte 16”

\* *The Chinese name of this company has been changed from “ since 14 May 2007. ” to “*



## 10. INTEREST IN ASSOCIATES (Continued)

The following is a summary of aggregate amounts of assets, liabilities, revenues and results of the Group's associates:

	<b>31 March 2007 HK\$'000</b>	30 September 2006 HK\$'000
Assets	<b>1,729,359</b>	1,084,329
Liabilities	<b>831,506</b>	312,252
Equity	<b>897,853</b>	772,077
Revenues	-	-
Loss	<b>(1,506)</b>	(1,051)

## 11. TRADE AND OTHER RECEIVABLES

	<b>31 March 2007 HK\$'000</b>	30 September 2006 HK\$'000
Trade receivables	<b>670</b>	1,972
Deposits, prepayment and other receivables	<b>15,532</b>	11,537
	<b>16,202</b>	13,509

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





## 11. TRADE AND OTHER RECEIVABLES (Continued)

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

	<b>31 March 2007 HK\$'000</b>	30 September 2006 HK\$'000
Current to 30 days	580	1,924
31 to 60 days	47	4
61 to 90 days	13	9
Over 90 days	30	35
	<b>670</b>	<b>1,972</b>

The Group normally allows a credit period of 30 days (2006: 30 days).

## 12. TRADE AND OTHER PAYABLES

	<b>31 March 2007 HK\$'000</b>	30 September 2006 HK\$'000
Trade payables	399	229
Other payables and accruals	8,065	5,818
	<b>8,464</b>	<b>6,047</b>

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

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

	<b>31 March 2007 HK\$'000</b>	30 September 2006 HK\$'000
Current to 30 days	387	217
31 to 60 days	-	1
61 to 90 days	-	-
Over 90 days	12	11
	<b>399</b>	<b>229</b>



### 13. LOANS FROM MINORITY SHAREHOLDERS

The loans are unsecured, non-interest bearing and have no fixed repayment terms. In the opinion of the directors, the loans will not be repaid within the next twelve months and the carrying value approximated the fair value.

### 14. SHARE CAPITAL

	<i>Note</i>	<b>Number of shares '000</b>	<b>Nominal value HK\$'000</b>
Authorised:			
At 30 September 2006		160,000,000	1,600,000
At 1 October 2006 and 31 March 2007		160,000,000	1,600,000
Issued and fully paid:			
At 1 October 2005		1,904,464	19,045
Share placement		235,000	2,350
At 30 September 2006		2,139,464	21,395
At 1 October 2006		2,139,464	21,395
Allotment of consideration shares	a	60,000	600
At 31 March 2007		2,199,464	21,995

The movement in the issued share capital of the Company was as follows:

- a) World Fortune Limited, an indirect wholly-owned subsidiary of the Company, entered into an agreement on 30 November 2006 to purchase 12.25% of the entire issued share capital of and the related loan to Pier 16 – Property Development Limited at an aggregate consideration of HK\$200 million. The consideration was settled by cash of HK\$152 million and by allotment and issue of 60,000,000 shares of the Company at an agreed issued price of HK\$0.80 per share. The Company allotted and issued the consideration shares on 28 February 2007.

## 15. RESERVES

	(Unaudited)							
	Attributable to equity shareholders of the Company							
	Share premium HK\$'000	Distributable reserve HK\$'000	Capital redemption reserve HK\$'000	Property revaluation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1 October 2005	362,920	52,333	976	187,065	27,160	630,454	31,235	661,689
Net profit for the period	-	-	-	-	13,757	13,757	10,626	24,383
At 31 March 2006	<u>362,920</u>	<u>52,333</u>	<u>976</u>	<u>187,065</u>	<u>40,917</u>	<u>644,211</u>	<u>41,861</u>	<u>686,072</u>
At 1 October 2006	<b>612,516</b>	<b>52,333</b>	<b>976</b>	<b>187,065</b>	<b>52,331</b>	<b>905,221</b>	<b>40,304</b>	<b>945,525</b>
Allotment of consideration shares (note 14(a))	<b>47,400</b>	-	-	-	-	<b>47,400</b>	-	<b>47,400</b>
Net profit for the period	-	-	-	-	<b>6,700</b>	<b>6,700</b>	<b>8,681</b>	<b>15,381</b>
At 31 March 2007	<b><u>659,916</u></b>	<b><u>52,333</u></b>	<b><u>976</u></b>	<b><u>187,065</u></b>	<b><u>59,031</u></b>	<b><u>959,321</u></b>	<b><u>48,985</u></b>	<b><u>1,008,306</u></b>

## 16. DEFERRED TAXATION

Deferred tax assets are recognised for tax loss carry forward to the extent that the realisation of the related tax benefit through utilisation against future taxable profits is probable. At 31 March 2007, the Group had tax losses of approximately HK\$76 million (30 September 2006: HK\$70 million) that are available to carry forward indefinitely for offsetting against future taxable profits.

No deferred tax asset has been recognised in relation to tax losses as it is not probable that taxable profit will be available against which the tax losses can be utilised.

## 17. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Group had the following commitments for future lease payment under non-cancellable operating leases which fall due as follows:

	<b>31 March 2007 HK\$'000</b>	30 September 2006 HK\$'000
Within one year	<b>4,478</b>	2,390
In the second to fifth years, inclusive	<b>3,659</b>	1,959
	<b><u>8,137</u></b>	<u>4,349</u>



## 18. RELATED PARTY TRANSACTIONS

Apart from those disclosed elsewhere in the condensed financial statements, the Group also had the following transactions with the related parties during the period:

	Notes	For the six months ended	
		31 March 2007 HK\$'000	2006 HK\$'000
Travel service income received and receivable from			
– Associates	<i>i, ii</i>	411	45
– Key management personnel	<i>ii</i>	346	328
– Close family members of key management personnel	<i>ii</i>	163	164
		<b>920</b>	<b>537</b>
Management service income received and receivable from			
– Associates	<i>i, iii</i>	2,436	741
		<b>31 March 2007 HK\$'000</b>	<b>30 September 2006 HK\$'000</b>
Trade receivables from travel service as at the balance sheet date			
– Associates		159	243
– Key management personnel		105	–
– Close family members of key management personnel		–	–
		<b>264</b>	<b>243</b>
Trade receivable from management service income as at the balance sheet date			
– Associates		283	–



## 18. RELATED PARTY TRANSACTIONS *(Continued)*

- i) The Company's directors, Mr. Yeung Hoi Sing, Sonny and Mr. Lee Siu Cheung, are the directors of the associates.
- ii) The travel agent service fee was charged according to prices and conditions similar to those offered to other customers.
- iii) The management service income was charged according to the terms stated in the management service agreement.

## 19. PLEDGE OF ASSETS

As at 31 March 2007, the Group pledged the time deposits of approximately HK\$0.7 million (30 September 2006: HK\$0.7 million) to certain banks for issuance of several bank guarantees of approximately HK\$0.7 million (30 September 2006: HK\$0.7 million) for operations of the Group.

## 20. NON-ADJUSTING POST BALANCE SHEET EVENTS

- a) On 13 June 2006, Top Region, as vendor, entered into a sale and purchase agreement (the "Agreement") with an independent third party, China Star Entertainment Limited ("China Star", a company listed on The Stock Exchange of Hong Kong Limited), as purchaser, and the Company, as guarantor, for the disposal of 8.13% interest in the issued share capital of Triumph Up for a consideration of HK\$36,112,763.57 to China Star. The consideration was determined after arm's length negotiations and with reference to an independent valuer on an open market basis as at 8 June 2006.

On 31 October 2006 and 28 February 2007, the parties entered into deeds of variation to, inter alia, extend the long stop date under the Agreement. The long stop date was extended to 31 May 2007.

The transaction was completed on 30 May 2007.

- b) On 11 April 2007, Valuegood Limited, being an indirect wholly-owned subsidiary of the Company, as borrower (the "Borrower"), entered into an agreement with an independent third party, Onshine Finance Limited, as lender (the "Lender"), and the Company, as guarantor, for a loan facility of HK\$250 million. On 15 May 2007, HK\$130 million was drawn down at the interest rate of 8.25% per annum.



## 20. NON-ADJUSTING POST BALANCE SHEET EVENTS *(Continued)*

- c) On 19 January 2007, Better Talent Limited, being an indirect wholly-owned subsidiary of the Company, as subscriber (the “Subscriber”), entered into a subscription agreement with an independent third party, China Star, as issuer, in relation to the subscription by the Subscriber of the zero coupon unsecured convertible bonds with a principal amount of HK\$12,500,000. The subscription price for the convertible bonds was HK\$11,875,000, being 95% of the principal amount of the convertible bonds.

On 18 May 2007, the subscription was completed and the subscription price of the convertible bonds of HK\$11,875,000 was paid by the Subscriber.

The convertible bonds were exercised on 1 June 2007. The convertible bonds were converted into 39,062,500 shares of China Star at a conversion price of HK\$0.32 per share. The closing price of the shares of China Star was HK\$0.48 per share as at 1 June 2007.

## 21. POSSIBLE IMPACT OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE PERIOD ENDED 31 MARCH 2007

The Board has not early applied the following new standards, amendments and interpretations that have been issued but are not yet effective. The Board anticipates that the application of these standards, amendments or interpretations will have no material impacts on the financial statements of the Board.

HKAS 1 (Amendment)	Capital Disclosures <sup>1</sup>
HKFRS 7	Financial Instruments: Disclosures <sup>1</sup>
HKFRS 8	Operating Segments <sup>2</sup>
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment <sup>3</sup>
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions <sup>4</sup>
HK(IFRIC)-Int 12	Service Concession Arrangements <sup>5</sup>

<sup>1</sup> *Effective for annual periods beginning on or after 1 January 2007*

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

<sup>3</sup> *Effective for annual periods beginning on or after 1 November 2006*

<sup>4</sup> *Effective for annual periods beginning on or after 1 March 2007*

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

## INDEPENDENT REVIEW REPORT



**CCIF**

**CCIF CPA LIMITED**

20/F Sunning Plaza  
10 Hysan Avenue  
Causeway Bay Hong Kong

### **TO THE BOARD OF DIRECTORS OF MACAU SUCCESS LIMITED** *(INCORPORATED IN BERMUDA WITH LIMITED LIABILITY)*

#### **INTRODUCTION**

We have been instructed by the Company to review the interim financial report set out on pages 4 to 21.

#### **DIRECTORS' RESPONSIBILITIES**

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors of the Company.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

#### **REVIEW WORK PERFORMED**

We conducted our review in accordance with the Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the HKICPA. A review consists principally of making enquiries of group management and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as test of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

#### **REVIEW CONCLUSION**

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 31 March 2007.

#### **CCIF CPA Limited**

*Certified Public Accountants*  
Hong Kong, 20 June 2007

#### **Delores Teh**

*Practising Certificate Number P03207*



## MANAGEMENT DISCUSSION AND ANALYSIS

### Results

For the period under review, turnover of the Group was approximately HK\$52.8 million, representing an approximately 3.7% increase as compared to the last corresponding period (2006: approximately HK\$50.9 million). Gross profit was approximately HK\$47.8 million (2006: approximately HK\$47.6 million). Profit attributable to equity shareholders decreased by 51.4% to approximately HK\$6.7 million (2006: approximately HK\$13.8 million). Earnings per share for the period were HK0.31 cents (2006: HK0.72 cents).

The Group's core business continued to contribute stable income during the period under review. With a moderate growth in turnover, the performance of our cruise business remained stable. At the same time, our travel business also had a remarkable increase in turnover. The Group's profitability was lower than that of the last corresponding period due to an increase in rental and staff costs.

### Interim Dividend

The directors of the Company (the "Director(s)") do not recommend the payment of interim dividend for the six months ended 31 March 2007 (2006: HK0.15 cents per share).

### Review of Operations

#### Cruise Business

During the period under review, our cruise business continued to be the major contributor for the Group's revenue. The business had continuously generated a stable source of income for years. The leasing and management of our cruise, M.V. Macau Success, accounted for 90.7% of the Group's total turnover.

Turnover from the cruise business was approximately HK\$47.9 million (2006: approximately HK\$47.7 million). Segment profit from the business amounted to approximately HK\$19.6 million (2006: approximately HK\$24.0 million).

In addition to providing a stable income to the Group, the cruise business also played a key role in our strategy to develop into a strong gaming and entertainment-related business group because of its synergy effect on our overall business.





## **Travel Business**

During the period under review, turnover from the travel business recorded approximately HK\$4.9 million, representing an increase of 48.5% (2006: approximately HK\$3.3 million) and accounting for approximately 9.3% of the Group's total turnover. Segment loss from the business was approximately HK\$0.4 million (2006: approximately HK\$0.2 million).

Although this area is not a substantial part of the overall business within the Group, it is the Group's strategy to continue to develop the travel business into a unique platform, providing professional travel services to high-end customers and direct traffic to the Group's flagship cruise, M.V. Macau Success.

## **Financial Review**

### **Pledge of Assets**

As at 31 March 2007, the Group has pledged time deposit of approximately HK\$0.7 million (30 September 2006: approximately HK\$0.7 million) to certain banks for issuance of several bank guarantees of approximately HK\$0.7 million (30 September 2006: approximately HK\$0.7 million) for operations of the Group.

### **Contingent Liabilities**

As at 31 March 2007, the Group had no contingent liability (30 September 2006: HK\$Nil).



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

As at 31 March 2007, the Group had net current assets of approximately HK\$116.7 million (30 September 2006: approximately HK\$478.1 million) and had net assets of approximately HK\$1,030.3 million (30 September 2006: approximately HK\$966.9 million).

As at 31 March 2007, the Group did not have any interest-bearing borrowings and financial lease obligations (30 September 2006: HK\$Nil).

As at 31 March 2007, there were loans from minority shareholders of approximately HK\$5.1 million (30 September 2006: approximately HK\$5.1 million). The loans are interest-free, unsecured and do not have fixed repayment terms.

The Group did not have any bank loan as at 31 March 2007 (30 September 2006: HK\$Nil).

Equity attributable to equity shareholders of the Company as at 31 March 2007 was approximately HK\$981.3 million (30 September 2006: approximately HK\$926.6 million). Accordingly, the gearing ratio which is measured on the basis of the interest-bearing borrowings of the Group over equity attributable to equity shareholders of the Company was not applicable for this period and last period.

## **Acquisition of Additional Interest in Ponte 16**

On 30 November 2006, the Group, through an indirect wholly-owned subsidiary of the Company, World Fortune Limited (“World Fortune”), entered into a Sale and Purchase Agreement with Joy Idea Investments Limited (“Joy Idea”) regarding the acquisition of 12.25% equity interest in and the related loan to Pier 16 – Property Development Limited, which is responsible for the development of the Group’s flagship project – Ponte 16 (“Ponte 16”), from Joy Idea at an aggregate consideration of HK\$200 million. The consideration was settled by HK\$152 million in cash from internal resources and HK\$48 million from the allotment and issue of 60,000,000 new shares of the Company, at an agreed issued price of HK\$0.80 per share. On 28 February 2007, the acquisition was completed and 60,000,000 shares of the Company had been issued to Joy Idea. Ponte 16 is now 51% and 49% owned by SJM – Investimentos Limitada and World Fortune respectively.



## Staffing

As at 31 March 2007, the Group had approximately 360 employees. Remuneration is determined by reference to qualifications, 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.

## Prospects

The management is positive towards the Group's future. In addition to the cruise and travel businesses which have been generating stable income for years, Ponte 16 is expected to bring substantial revenue when it opens in the second half of 2007.

The management has great confidence on the future economic growth and the tourist industry of Macau as well as the opportunities brought by the enclave to the Group. According to the Macau SAR Government, the number of tourists visited Macau in the first quarter of 2007 reached 6,369,664, increased by 21.4% over the corresponding period in 2006. As over 50% of the tourists are from the mainland, the economic development in China will further enhance Macau's economy. Gaming revenue reached MOP17.9 billion for the first quarter of 2007. The booming economy and flourishing tourism in Macau is going to provide a favourable environment for the development of Ponte 16.



## **Ponte 16**

Ponte 16 is a world-class integrated resort comprising a five-star hotel, casino (subject to Macau SAR Government's approval), shopping arcade, food and beverage functions as well as recreational facilities. Featuring a unique Southern European theme, the development is located at Pier 16, which commenced operation in the beginning of the last century and has now become a famous historical landmark. Also, the two-minute ferry connection between Ponte 16 and Zhuhai has provided a convenient alternative for tourists.

The Group has accomplished a number of milestones since the debut of the project. In October 2005, the preliminary design of Ponte 16 was confirmed. The Jerde Partnership, Inc., an internationally renowned architecture firm, was appointed to manage the overall planning and design of Ponte 16.

In February 2006, AAPC Hong Kong Limited (trading as "Accor Asia Pacific") ("Accor"), a well-known French hotel management company, was appointed to manage the hotel facilities of the Ponte 16 complex under Accor's deluxe brand "Sofitel". The name of the new hotel was confirmed to be "Sofitel Macau at Ponte 16".

In April 2006, the Group announced the approval of an increase of the gross floor area from 63,584 square metres to 126,500 square metres by the Macau SAR Government, which has raised the business value of the venture as well as the Group. The total development cost of the project is expected to be approximately HK\$2.4 billion.

The first phase of Ponte 16, including the casino (subject to Macau SAR Government's approval) and most of the hotel facilities, was topped out in April 2007. It is expected to commence operation in the second half of 2007, while the rest of the Ponte 16 complex will be completed by the first half of 2008.

## **Conclusion**

The steady business growth of the Group's core businesses plus the substantial business value of its project under development allow the Group to ascertain its optimistic future. With a vision to become one of the leading gaming and entertainment-related companies in the region, the management will seek every business opportunity in Macau and beyond in order to strengthen the synergies of the Group.

## DISCLOSURE OF INTERESTS

### Interests of Directors

As at 31 March 2007, the Directors or chief executives 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 recorded in the register required to be kept under section 352 of the SFO; or which were otherwise required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"):

<b>Name of Director</b>	<b>Long position/ Short position</b>	<b>Nature of interest</b>	<b>Number of shares of the Company held</b>	<b>Approximate percentage of shareholding</b>
Mr. Yeung Hoi Sing, Sonny ( <i>Note</i> )	Long position	Corporate interest	987,841,432	44.91%

*Note:* Mr. Yeung Hoi Sing, Sonny is deemed to have corporate interest in 987,841,432 shares of the Company by virtue of the interest of the shares held by Silver Rich Macau Development Limited, which is wholly-owned by a discretionary trust, the beneficiaries of which are family members of Mr. Yeung Hoi Sing, Sonny.

Save as disclosed above, as at 31 March 2007, none of the Directors or chief executives of the Company, or their associates, had any interests or 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 SFO) which were recorded in the register required to be kept under section 352 of the SFO, or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.



## Share Option Scheme and Directors' and Chief Executives' Rights to Acquire Shares or Debentures

Pursuant to the share option scheme adopted by the shareholders of the Company on 20 August 2004 (the "Share Option Scheme"), the board of Directors (the "Board") may for a consideration of HK\$1 offer to selected eligible persons to subscribe for shares of the Company as incentive or rewards for their contribution to the Group. The subscription price will be determined by the Board at its absolute discretion, but in any event shall not be less than the highest of the nominal value for the time being of each share of the Company; the average closing price of the Company's shares as stated in the daily quotation sheets of the Stock Exchange for the five trading days immediately preceding the date on which the relevant option is granted; and the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date on which the relevant option is granted.

The maximum number of shares in respect of which options may be granted under the Share Option Scheme and any other schemes of the Company must not, in aggregate, exceed 30% of the total number of shares of the Company in issue from time to time.

The Share Option Scheme became effective on 8 November 2004 and, unless otherwise cancelled or amended, will remain in force for ten years from that date.

No options under the Share Option Scheme had been granted to any person since its adoption.

At no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouses or children under 18 years of age, or were any such rights exercised by them; nor was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.



## Interests of Substantial Shareholders

As at 31 March 2007, the following persons (other than the Directors or chief executives of the Company) had interests or short positions in the shares and underlying shares of the Company, being 5% or more of the Company's issued share capital, as recorded in the register required to be kept under section 336 of the SFO:

<b>Name</b>	<b>Long position/ Short position</b>	<b>Capacity</b>	<b>Number of shares/underlying shares of the Company held</b>	<b>Approximate percentage of shareholding</b>
Silver Rich Macau Development Limited	Long position	Beneficial owner	987,841,432	44.91%
Penta Investment Advisers Ltd	Long position	Investment manager	188,414,000 (Note 1)	8.81%
Mr. John Zwaanstra	Long position	Interest in controlled corporation	188,414,000 (Note 2)	8.81%
Joy Idea Investments Limited	Long position	Beneficial owner	180,000,000	8.41%
Mr. Li Chi Keung (Note 3)	Long position	Interest in controlled corporation	180,000,000	8.41%
Ms. Wong Hoi Ping (Note 3)	Long position	Interest in controlled corporation	180,000,000	8.41%
Mr. Li Chu Kwan (Note 3)	Long position	Interest in controlled corporation	180,000,000	8.41%
Ms. Lau Man Wing, Catherine (Note 4)	Long position	Family interest	180,000,000	8.41%

*Notes:*

- 1) These include (i) an interest in 153,414,000 shares of the Company; and (ii) an interest in unlisted cash settled derivatives, giving rise to an interest in 35,000,000 underlying shares of the Company.



- 2) Penta Investment Advisers Ltd is wholly-owned by Mr. John Zwaanstra and therefore he was deemed to have the same interests in 153,414,000 shares of the Company and a total of 35,000,000 underlying shares of the Company held by Penta Investment Advisers Ltd.
- 3) Joy Idea Investments Limited is owned as to one-third by each of Mr. Li Chi Keung, Ms. Wong Hoi Ping and Mr. Li Chu Kwan and therefore they were deemed to have interest in 180,000,000 shares of the Company.
- 4) Ms. Lau Man Wing, Catherine is the spouse of Mr. Li Chu Kwan.

Save as disclosed above, as at 31 March 2007, no other person had, or was deemed or taken to have, interests or short positions in the shares and underlying shares of the Company which were recorded in the register required to be kept under section 336 of the SFO.

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

During the six months ended 31 March 2007, 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 complied with all the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules during the six months ended 31 March 2007.

## **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 as set out in Appendix 10 of the Listing Rules.

Having made specific enquiry with all Directors, each of whom has confirmed compliance with the required standard set out in the Code of Conduct and the Model Code.





## AUDIT COMMITTEE

The Audit Committee of the Company 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. The principal duties of the Audit Committee are to ensure the objectivity and credibility of financial reporting and internal control procedures as well as to maintain an appropriate relationship with the external auditors of the Company.

## REVIEW OF INTERIM RESULTS

The unaudited interim results for the six months ended 31 March 2007 have been reviewed by the Audit Committee and Messrs. 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.

On behalf of the Board  
**Yeung Hoi Sing, Sonny**  
*Chairman*

Hong Kong, 20 June 2007