



SUCCESS UNIVERSE GROUP LIMITED
實德環球有限公司

(Incorporated in Bermuda with limited liability)
Stock Code : 00487

Expanding
the Possibilities



Interim Report
2010

Contents

	Page
Corporate Information	02
Operational Highlights	03
Condensed Consolidated Income Statement	04
Condensed Consolidated Statement of Comprehensive Income	05
Condensed Consolidated Statement of Financial Position	06
Condensed Consolidated Statement of Changes in Equity	08
Condensed Consolidated Statement of Cash Flows	09
Notes to the Condensed Consolidated Financial Statements	10
Independent Review Report	39
Management Discussion and Analysis	41
Disclosure of Interests	49
Disclosure under Rules 13.20 and 13.22 of the Listing Rules	52
Purchase, Sale or Redemption of the Company's Listed Securities	53
Compliance with Code on Corporate Governance Practices	53
Compliance with Model Code for Securities Transactions by Directors	53
Information in Respect of Directors	53
Audit Committee	54
Review of Interim Results	54

CORPORATE INFORMATION

Directors

Executive Directors

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

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

Financial Controller

Mr. Wong Chi Keung, Alvin

Authorised Representatives

Dr. Ma Ho Man, Hoffman
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*)
Dr. Ma Ho Man, Hoffman

Auditors

HLB Hodgson Impey Cheng

Legal Advisers on Hong Kong Laws

Iu, Lai & Li

Legal Advisers on Bermuda Laws

Conyers Dill & Pearman

Principal Bankers

Chong Hing Bank Limited
Fubon 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 Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke, HM 08
Bermuda

Branch Share Registrar and Transfer Office in Hong Kong

Tricor 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: 00487

Website

www.successug.com



OPERATIONAL HIGHLIGHTS

- Turnover was up approximately 32% from the last corresponding period, reaching approximately HK\$782.9 million
- Loss per share went down significantly from 3.57 HK cents in the first half of 2009 to 1.56 HK cents
- Travel business posted a segment profit of approximately HK\$2.6 million as compared with loss of approximately HK\$8.2 million in the last corresponding period
- The Group's flagship investment project, Ponte 16, delivered a positive EBITDA* and recorded approximately 83% growth in gross gaming revenue which outperformed the Macau's industry growth rate
- Ponte 16 opened Asia's first MJ Gallery at Ponte 16 in February 2010 and successfully strengthened its unique market positioning as well as broadened its customer base

* EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortisation

The board of directors (the "Board") of Success Universe Group Limited (the "Company") presents the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2010 together with comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2010

	Note	Unaudited For the six months ended 30/6/2010 HK\$'000	30/6/2009 HK\$'000
Turnover	4	782,853	593,595
Cost of sales		(739,060)	(540,331)
Gross profit		43,793	53,264
Other revenue and gains	5	21,339	14,512
Administrative expenses		(66,559)	(75,241)
Other operating expenses	6(c)	(6,300)	(13,255)
Loss from operations		(7,727)	(20,720)
Finance costs	6(a)	(10,600)	(7,228)
Share of results of jointly controlled entities		169	–
Share of results of associates		(18,563)	(59,256)
Loss before taxation	6	(36,721)	(87,204)
Income tax	7	(126)	(29)
Loss for the period		(36,847)	(87,233)
Attributable to:			
Owners of the Company		(38,040)	(87,182)
Non-controlling interests		1,193	(51)
Loss for the period		(36,847)	(87,233)
Loss per share (HK cents)			
– Basic	9	(1.56)	(3.57)
– Diluted	9	(1.56)	(3.57)

The accompanying notes form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010

	Unaudited	
	For the six months ended	
	30/6/2010	30/6/2009
	HK\$'000	HK\$'000
Loss for the period	(36,847)	(87,233)
Other comprehensive income for the period		
Exchange differences on translation of financial statements of overseas subsidiaries	137	1,369
Share of other comprehensive income of associates	–	2,765
Total comprehensive expense for the period	(36,710)	(83,099)
Attributable to:		
Owners of the Company	(37,978)	(83,286)
Non-controlling interests	1,268	187
Total comprehensive expense for the period	(36,710)	(83,099)

The accompanying notes form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2010

	Note	Unaudited At 30/6/2010 HK\$'000	Audited At 31/12/2009 HK\$'000
Non-current assets			
Property, plant and equipment	10	73,482	78,381
Goodwill	11	6,828	6,828
Intangible assets	12	36,010	32,526
Interest in associates	13	1,174,373	1,094,945
Interest in jointly controlled entities	14	1,531	1,362
Deposit for acquisition of properties	15	4,423	2,632
Deposit for acquisition of a company	16	60,384	60,384
Deferred tax assets		855	848
		1,357,886	1,277,906
Current assets			
Inventories		1,115	1,129
Trade and other receivables	17	23,026	15,893
Tax recoverable		75	–
Pledged bank deposits	18	7,718	8,273
Cash and bank balances	18	50,742	42,308
		82,676	67,603
Current liabilities			
Trade and other payables	19	27,339	22,097
Deferred income		449	170
Profit guarantee liabilities	20	9,100	9,100
Bank loan	21	179	–
Financial guarantee contract	24	12,600	12,600
Tax payable		294	33
		49,961	44,000
Net current assets		32,715	23,603
Total assets less current liabilities		1,390,601	1,301,509

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

At 30 June 2010

	Note	Unaudited At 30/6/2010 HK\$'000	Audited At 31/12/2009 HK\$'000
Non-current liabilities			
Deferred income		3,743	–
Profit guarantee liabilities	20	23,508	32,608
Bank loan	21	1,318	–
Loans payables	22	419,332	313,754
Long-term payables	23	200,869	193,797
Due to a related company		21,568	20,994
Deferred tax liabilities		–	83
Financial guarantee contract	24	12,600	18,900
Loan from a director and controlling shareholder		70,500	47,500
		753,438	627,636
Net assets		637,163	673,873
Capital and reserves			
Share capital	25	24,390	24,390
Reserves		565,291	603,269
Total equity attributable to owners of the Company		589,681	627,659
Non-controlling interests		47,482	46,214
Total equity		637,163	673,873

The accompanying notes form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010

	Attributable to owners of the Company							Total	Non-controlling interests	Total equity
	Share capital	Share premium	Distributable reserve	Capital redemption reserve	Property revaluation reserve	Exchange reserve	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2009	24,390	908,785	52,333	976	86,248	(4,235)	(183,659)	884,838	46,321	931,159
Total comprehensive income/(expense) for the period	-	-	-	-	2,765	1,131	(87,182)	(83,286)	187	(83,099)
At 30 June 2009 (unaudited)	24,390	908,785	52,333	976	89,013	(3,104)	(270,841)	801,552	46,508	848,060
At 1 January 2010	24,390	908,785	52,333	976	-	(1,369)	(357,456)	627,659	46,214	673,873
Total comprehensive income/(expense) for the period	-	-	-	-	-	62	(38,040)	(37,978)	1,268	(36,710)
At 30 June 2010 (unaudited)	24,390	908,785	52,333	976	-	(1,307)	(395,496)	589,681	47,482	637,163

The accompanying notes form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2010

	Note	Unaudited	
		For the six months ended	
		30/6/2010	30/6/2009
		HK\$'000	HK\$'000
Net cash (used in)/generated from operating activities		(2,614)	5,845
Net cash used in investing activities		(106,846)	(58,684)
Net cash generated from financing activities		117,814	33,227
Net increase/(decrease) in cash and cash equivalents		8,354	(19,612)
Cash and cash equivalents at the beginning of the period		42,308	66,675
Effect of foreign exchange rate changes		80	(554)
Cash and cash equivalents at the end of the period	18	50,742	46,509

The accompanying notes form an integral part of these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2010

1. Organisation and Principal Activity

The Company was incorporated as an exempted company with limited liability in Bermuda on 27 May 2004 under the Companies Act 1981 of Bermuda and is listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment holding.

2. Basis of Preparation

The condensed consolidated financial statements for the six months ended 30 June 2010 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and 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 do not include all the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the Group for the year ended 31 December 2009 as contained in the Company's Annual Report 2009 (the "Annual Report 2009").

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 are denominated in Hong Kong Dollar ("HK\$"). Unless otherwise specifically stated, all amounts are presented in thousand.

3. Summary of Significant Accounting Policies

The accounting policies used in the preparation of the condensed consolidated financial statements are consistent with those used in the Annual Report 2009, except for the impact of the adoption of the new and revised Hong Kong Accounting Standards, Hong Kong Financial Reporting Standards (“HKFRSs”) and interpretations described below.

In the current interim period, the Group has applied, for the first time, the following new or revised standards, amendments and interpretations (“new HKFRSs”) issued by the HKICPA, which are effective for the Group’s accounting period beginning on 1 January 2010.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Amendments)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendments)	Group Cash-settled Shared-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners

The application of the above new HKFRSs had no material effect on the results and financial positions of the Group for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

3. Summary of Significant Accounting Policies *(Continued)*

The Group has not early applied the following new or revised standards, amendments and interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs 2010 ¹
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosure for First-time Adopters ³
HKFRS 9	Financial Instruments ⁵
HKAS 24 (Revised)	Related Party Disclosures ⁴
HKAS 32 (Amendments)	Classification of Rights Issues ²
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement ⁴
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments ³

¹ Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011 as appropriate

² Effective for annual periods beginning on or after 1 February 2010

³ Effective for annual periods beginning on or after 1 July 2010

⁴ Effective for annual periods beginning on or after 1 January 2011

⁵ Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of the above HKFRSs upon initial application but is not yet in a position to state whether the above HKFRSs would have a significant impact on the Group's and the Company's results of operations and financial position.

4. Segment Information

Operating segments are identified on the basis of internal reports which provide information about components of the Group. This information is reported to and reviewed by the chief operating decision maker (the "CODM") for the purposes of resource allocation and performance assessment. The Group has identified the following two reportable segments:

- Cruise leasing and management business: the leasing of cruise and the provision of management services to the cruise.
- Travel business: sales of air tickets and provision of travel-related agency services.

4. Segment Information *(Continued)*

(a) Segment results and assets

In accordance with HKFRS 8, segment information disclosed in these condensed consolidated financial statements has been prepared in a manner consistent with the information used by the Group's CODM for the purposes of assessing segment performance and allocating resources among segments. In this regard, the Group's CODM monitors the results and assets attributable to each reportable segment on the following bases:

Segment profit represents the profit from each segment without allocation of corporate administrative costs such as directors' salaries, share of result of associates, share of result of jointly controlled entities, investment income and corporate finance costs. To arrive at reportable segment profit, the management additionally provide segment information concerning interest income, finance costs and major non-cash items such as depreciation, amortisation and impairment losses derived from reportable segments. In addition, taxation charge/(credit) is not allocated to reportable segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments.

Inter-segment sales are priced with reference to prices charged to external parties for similar orders. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the condensed consolidated income statement.

All assets are allocated to reportable segments other than current and deferred tax assets, interest in associates, interest in jointly controlled entities and deposit for acquisition of a company.

4. Segment Information *(Continued)*

(a) Segments results and assets *(Continued)*

Information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the period is set out below:

	Cruise leasing and management Unaudited		Travel Unaudited		Total Unaudited	
	For the six months ended		For the six months ended		For the six months ended	
	30/6/2010	30/6/2009	30/6/2010	30/6/2009	30/6/2010	30/6/2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	34,800	37,000	748,053	556,595	782,853	593,595
Inter-segment revenue	-	-	259	268	259	268
Reportable segment revenue	34,800	37,000	748,312	556,863	783,112	593,863
Reportable segment profit/(loss)	1,131	1,896	2,582	(8,196)	3,713	(6,300)
Interest income	5	1	2	13	7	14
Amortisation of intangible assets	-	-	(155)	(247)	(155)	(247)
Depreciation	(3,457)	(3,528)	(619)	(668)	(4,076)	(4,196)
Reversal of impairment loss on other receivable	3,821	-	-	-	3,821	-
Reversal of impairment loss on intangible assets	-	-	3,366	-	3,366	-
Impairment loss on						
- intangible assets	-	-	-	(4,441)	-	(4,441)
- goodwill	-	-	-	(2,514)	-	(2,514)
Finance costs	-	-	(402)	(347)	(402)	(347)

4. Segment Information (Continued)

(a) Segments results and assets (Continued)

	Cruise leasing and management		Travel		Total	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	At	At	At	At	At	At
	30/6/2010	31/12/2009	30/6/2010	31/12/2009	30/6/2010	31/12/2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment assets	98,747	95,954	83,680	68,305	182,427	164,259

(b) Reconciliation of reportable segment revenue, profit or loss and assets

	Unaudited	
	For the six months ended	
	30/6/2010	30/6/2009
	HK\$'000	HK\$'000
Revenue		
Reportable segment revenue	783,112	593,863
Elimination of inter-segment revenue	(259)	(268)
Consolidated turnover	782,853	593,595
Profit/(loss)		
Reportable segment profit/(loss)	3,713	(6,300)
Share of results of jointly controlled entities	169	–
Share of results of associates	(18,563)	(59,256)
Unallocated corporate income	10,652	10,575
Depreciation	(1,061)	(1,506)
Finance costs	(10,198)	(6,881)
Unallocated corporate expenses	(21,433)	(23,836)
Consolidated loss before taxation	(36,721)	(87,204)

4. Segment Information *(Continued)*

(b) Reconciliation of reportable segment revenue, profit or loss and assets *(Continued)*

	Unaudited At 30/6/2010 HK\$'000	Audited At 31/12/2009 HK\$'000
Assets		
Reportable segment assets	182,427	164,259
Interest in associates	1,174,373	1,094,945
Interest in jointly controlled entities	1,531	1,362
Unallocated:		
– deferred tax assets	855	848
– corporate assets	81,376	84,095
Consolidated total assets	1,440,562	1,345,509

5. Other Revenue and Gains

	Unaudited For the six months ended	
	30/6/2010 HK\$'000	30/6/2009 HK\$'000
Other Revenue:		
Interest income on bank deposits	13	106
Management fee income	3,414	3,437
Deferred income	2,024	1,666
Others	2,401	2,993
	7,852	8,202
Other Gains:		
Gain on disposal of property, plant and equipment	–	10
Amortisation of financial guarantee contract	6,300	6,300
Reversal of impairment loss on intangible assets	3,366	–
Reversal of impairment loss on other receivable	3,821	–
	13,487	6,310
	21,339	14,512

6. Loss Before Taxation

Loss before taxation is arrived at after charging:

(a) Finance costs

	Unaudited	
	For the six months ended	
	30/6/2010	30/6/2009
	HK\$'000	HK\$'000
Interest on other loan	1,855	–
Interest on loan from a related company	402	347
Interest paid to loan from a director and controlling shareholder	1,271	132
Effective interest on long-term payables	7,072	6,749
Total interest expense on financial liabilities not at fair value through profit or loss	10,600	7,228

(b) Staff costs

	Unaudited	
	For the six months ended	
	30/6/2010	30/6/2009
	HK\$'000	HK\$'000
Salaries, wages and other benefits (including directors' emoluments)	33,234	30,735
Contributions to defined contribution retirement plan	931	378
	34,165	31,113

6. Loss Before Taxation (Continued)

(c) Other items

	Unaudited	
	For the six months ended 30/6/2010 HK\$'000	30/6/2009 HK\$'000
Auditors' remuneration		
– audit services	742	551
– other services	250	325
Depreciation	5,137	5,702
Amortisation on intangible assets	155	247
Operating leasing rentals of		
– properties	4,304	4,106
– plant and machinery	281	258
Impairment losses on		
– intangible assets*	–	4,441
– goodwill*	–	2,514
– interest in associates*	6,300	6,300

* These amounts are included in "other operating expenses" on the face of the condensed consolidated income statement.

7. Income Tax

The taxation charge/(credit) comprises:

	Unaudited	
	For the six months ended 30/6/2010 HK\$'000	30/6/2009 HK\$'000
Current tax:		
Hong Kong Profits Tax		
Underprovision in respect of prior years	17	–
Other than Hong Kong		
Charge for the period	192	29
	209	29
Deferred taxation relating to the origination and reversal of temporary differences	(83)	–
	126	29

7. Income Tax *(Continued)*

No Hong Kong Profits Tax, in which the subsidiaries operate, has been provided for the six months ended 30 June 2010 and 2009 as the Group has no estimated assessable profits for the periods.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

8. Dividends

The directors of the Company do not recommend the declaration of any interim dividend for the six months ended 30 June 2010 (for the six months ended 30 June 2009: Nil).

No dividend payable to owners of the Company attributable to the previous financial year was approved and paid during the period.

9. Loss Per Share

(a) Basic loss per share

The calculation of basic loss per share is based on the loss for the period attributable to owners of the Company of approximately HK\$38,040,000 (for the six months ended 30 June 2009: approximately HK\$87,182,000) and on the weighted average number of approximately 2,438,964,000 ordinary shares (for the six months ended 30 June 2009: approximately 2,438,964,000 ordinary shares) in issue during the period.

(b) Diluted loss per share

Diluted loss per share equals to the basic loss per share as there were no potential dilutive ordinary shares outstanding for the period presented.

10. Property, Plant and Equipment

	HK\$'000
Carrying amount as at 1 January 2009	85,711
Additions	3,373
Disposals	(58)
Depreciation	(5,702)
Exchange alignment	203
	<hr/>
Carrying amount as at 30 June 2009 (Unaudited)	83,527
	<hr/>
Carrying amount as at 1 January 2010	78,381
Additions	205
Disposals	(2)
Depreciation	(5,137)
Exchange alignment	35
	<hr/>
Carrying amount as at 30 June 2010 (Unaudited)	73,482
	<hr/>

11. Goodwill

	HK\$'000
Cost	
At 1 January 2009, 31 December 2009, 1 January 2010 and 30 June 2010	8,332
	<hr/>
Accumulated impairment losses	
At 1 January 2009	(609)
Impairment loss for the year	(895)
	<hr/>
At 31 December 2009 and 1 January 2010	(1,504)
Impairment loss for the period	-
	<hr/>
At 30 June 2010	(1,504)
	<hr/>
Carrying amount	
At 30 June 2010 (Unaudited)	6,828
	<hr/>
At 31 December 2009	6,828
	<hr/>

11. Goodwill (Continued)

Goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to business segment as follows:

	Unaudited	Audited
	At	At
	30/6/2010	31/12/2009
	HK\$'000	HK\$'000
Cruise management CGU	1,313	1,313
Travel CGU	5,515	5,515
	6,828	6,828

The recoverable amount of the CGU is determined on value in use calculations. These calculations use cash flow projections based on the financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

Key assumptions used for value in use calculations:

	Travel CGU		Cruise management CGU	
	At	At	At	At
	30/6/2010	31/12/2009	30/6/2010	31/12/2009
	%	%	%	%
– Growth rate	3.0	4.5	Zero	Zero
– Discount rate	11.5	12.8	5.0	5.0

The discount rates reflect specific risks relating to the relevant segment.

12. Intangible Assets

	Trademark HK\$'000	Client list HK\$'000	Total HK\$'000
Cost			
At 1 January 2009	27,743	7,756	35,499
Exchange alignment	4,144	1,159	5,303
At 31 December 2009 and 1 January 2010	31,887	8,915	40,802
Exchange alignment	268	75	343
At 30 June 2010	32,155	8,990	41,145
Accumulated amortisation and impairment losses			
At 1 January 2009	–	(891)	(891)
Amortisation for the year	–	(541)	(541)
Impairment loss	(3,682)	(3,029)	(6,711)
Exchange alignment	–	(133)	(133)
At 31 December 2009 and 1 January 2010	(3,682)	(4,594)	(8,276)
Amortisation for the period	–	(155)	(155)
Reversal of impairment loss	2,635	731	3,366
Exchange alignment	(31)	(39)	(70)
At 30 June 2010	(1,078)	(4,057)	(5,135)
Carrying amount			
At 30 June 2010 (Unaudited)	31,077	4,933	36,010
At 31 December 2009	28,205	4,321	32,526

12. Intangible Assets *(Continued)*

Trademark

In accordance with HKAS 36 "Impairment of Assets", the Group completed its interim impairment test for the trademark by comparing its recoverable amount to its carrying amount as at 30 June 2010. The Group has conducted a valuation of the trademark based on the value in use calculations. With reference to the valuations carried out by Roma Appraisals Limited ("Roma"), an independent professional valuer, who has among the staff, fellow members of the Hong Kong Institute of Surveyors, the carrying amount of trademark is approximately HK\$31,077,000. A reversal of impairment loss of approximately HK\$2,635,000 has been recognised for the six months ended 30 June 2010.

The valuation of the trademark is based on the relief-from-royalty method and uses cash flow projections based on financial estimates covering a five-year period, the expected sales deriving from the trademark in the travel CGU and a discount rate of 13% (31 December 2009: 14.3%). The cash flows beyond the five-year period are extrapolated using a steady growth rate of 3% (31 December 2009: 4.5%). This growth rate does not exceed the long-term average growth rate for travel markets in which the Group operates. Management has considered the above assumptions and valuation and also taken into account the business plan going forward.

Client list

The directors of the Company assessed that the client list having 15 years of useful lives from the date of acquisition. The Group has completed its interim impairment test for the client list by comparing the recoverable amount of the client list to its carrying amount as at 30 June 2010. The Group has conducted a valuation of the client list based on the value in use calculations. With reference to the valuations carried out by Roma, the carrying amount of client list is approximately HK\$4,933,000. A reversal of impairment loss of approximately HK\$731,000 has been recognised for the six months ended 30 June 2010.

The valuation of the client list is based on the contributory charge method and uses cash flow projections based on financial estimates covering a five-year period, the expected sales deriving from the client list in the travel CGU and a discount rate of 13% (31 December 2009: 14.3%). The cash flows beyond the five-year period are extrapolated using a steady growth rate of 3% (31 December 2009: 4.5%). This growth rate does not exceed the long-term average growth rate for travel markets in which the Group operates. Management has considered the above assumptions and valuation and also taken into account the business plan going forward.

13. Interest in Associates

	Unaudited At 30/6/2010 HK\$'000	Audited At 31/12/2009 HK\$'000
Share of net assets	–	–
Deemed capital contributions	63,000	63,000
Goodwill	19,409	19,409
	82,409	82,409
Amounts due from associates	1,129,764	1,044,036
	1,212,173	1,126,445
Less: Impairment loss	(37,800)	(31,500)
	1,174,373	1,094,945

- (a) The following list contains only the particulars of associates, all of which are unlisted corporate entities, which principally affected the results or assets of the Group:

Name of associate	Place of incorporation/ operations	Particulars of issued and paid up capital	Proportion of ownership interest			Principal activity
			Group's effective interest	Held by the Company	Held by a subsidiary	
Pier 16 – Entertainment Group Corporation Limited	Macau	2 shares of MOP24,000 and MOP1,000 respectively	49%	–	49%	Provision of management services for casino operations
Pier 16 – Management Limited	Macau/ Hong Kong and Macau	2 shares of MOP24,000 and MOP1,000 respectively	49%	–	49%	Hotel operations
Pier 16 – Property Development Limited	Macau	100,000 shares of MOP100 each	49%	–	49%	Property holding

13. Interest in Associates *(Continued)*

(b) Goodwill

Because goodwill is included in the carrying amount of the interest in associates and is not separately recognised, it is not tested for impairment separately by applying the requirement for impairment testing in HKAS 36 "Impairment of Assets". Instead, the entire carrying amount of the interest in associates is tested for impairment as set out in note 13(d) below.

- (c) The amounts due from associates are unsecured, interest-free and have no fixed terms of repayment. Their carrying amounts are not materially different from their fair values.

(d) Impairment test for interest in associates

The Group completed its interim impairment test for interest in associates by comparing the recoverable amount of the interest in associates to its carrying amount as at 30 June 2010. The Group has engaged Roma to carry out a valuation of the interest in associates as at 30 June 2010 based on the value in use calculations. The carrying amount of the interest in associates is written down by HK\$37.8 million (31 December 2009: HK\$31.5 million). This valuation uses cash flow projections based on financial estimates covering a five-year period, and a discount rate of 14.63% (31 December 2009: 13.24%). The cash flows beyond the five-year period are extrapolated using a steady growth rate of 4% (31 December 2009: 4%) for the casino and hotel industries in which are operated by associates. Management has considered the above assumptions and valuation and also taken into account the business plan going forward.

- (e) The following is the summary of aggregate amounts of assets, liabilities, revenues and the results of the associates:

	Unaudited At 30/6/2010 HK\$'000	Audited At 31/12/2009 HK\$'000
Assets	3,368,110	3,340,779
Liabilities	3,478,004	3,566,792
Equity	(109,894)	(226,013)

13. Interest in Associates (Continued)

(e) (Continued)

	Unaudited	
	For the six months ended	
	30/6/2010	30/6/2009
	HK\$'000	HK\$'000
Revenue	382,531	169,228
Loss	(37,884)	(120,931)

14. Interest in Jointly Controlled Entities

	Unaudited	Audited
	At	At
	30/6/2010	31/12/2009
	HK\$'000	HK\$'000
Share of net assets	181	12
Amount due from a jointly controlled entity	12,050	12,050
	12,231	12,062
Impairment loss	(10,700)	(10,700)
	1,531	1,362

Details of the Group's interest in the jointly controlled entities are as follows:

Name of joint venture	Form of business structure	Place of incorporation	Particulars of issued and paid up share capital	Group's effective interest held by a subsidiary	Principal activity
Surplus Win Enterprises Limited	Incorporated	British Virgin Islands	2 shares of US\$1 each	50%	Investment holding
Double Diamond International Limited	Incorporated	British Virgin Islands	100 shares of US\$1 each	40%	Operation of pier

The amount due from a jointly controlled entity is unsecured, interest-free and has no fixed terms of repayment.

14. Interest in Jointly Controlled Entities *(Continued)*

The following is summary of aggregate amounts of assets, liabilities, revenues and results of the jointly controlled entities:

	Unaudited At 30/6/2010 HK\$'000	Audited At 31/12/2009 HK\$'000
Non-current assets	29,293	14,647
Current assets	636	108
Current liabilities	(24,298)	(12,150)
Net assets	5,631	2,605

	Unaudited For the six months ended	
	30/6/2010 HK\$'000	30/6/2009 HK\$'000
Income	450	–
Expenses	(28)	–
Profit before taxation	422	–
Taxation	–	–
Profit for the period	422	–

15. Deposit for Acquisition of Properties

On 28 February 2008, Jade Travel Ltd., an 80% indirectly owned subsidiary of the Company which was incorporated in Canada ("Jade Travel, Canada"), entered into a sale and purchase agreement to purchase the properties located in Richmond Hill, Ontario, Canada for a total consideration of approximately CAD2,364,000 (equivalent to approximately HK\$17,694,000). In July 2010, Jade Travel, Canada has obtained the occupancy certificates of the properties and such properties have been used as office by the said subsidiary of the Company. As at 30 June 2010, deposit of approximately HK\$4,423,000 (31 December 2009: approximately HK\$2,632,000) had been paid and the outstanding balance of approximately HK\$13,271,000 (31 December 2009: approximately HK\$14,915,000) was disclosed as a capital commitment in note 27(a).

16. Deposit for Acquisition of a Company

This represented a deposit of HK\$60 million paid to 上海永德投資有限公司 (“上海永德”), an independent third party, upon signing of a letter of intent and a confidentiality agreement on 10 January 2008 for the proposed acquisition by an indirect wholly-owned subsidiary of the Company of at least 10% and not more than 51% of the entire issued share capital of 重慶林科物業發展有限公司, a 90% owned subsidiary of 上海永德. A letter agreement has been signed on 30 June 2010 to further extend the long stop date for entering into a formal agreement to 31 December 2010.

17. Trade and Other Receivables

Included in trade and other receivables, the aging analysis for trade receivables is as follows:

	Unaudited	Audited
	At	At
	30/6/2010	31/12/2009
	HK\$'000	HK\$'000
Current	9,709	6,722
31 to 60 days overdue	863	1,280
61 to 90 days overdue	1,358	1,589
Over 90 days overdue	226	81
Trade receivables	12,156	9,672
Other receivables	2,142	1,618
Prepayment and deposits	8,728	4,603
	23,026	15,893

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

The Group normally allows a credit period of 30 to 60 days to customers of cruise leasing and management business (31 December 2009: 30 to 60 days) and 30 days to customers of travel business (31 December 2009: 30 days).

18. Pledged Bank Deposits/Cash and Bank Balances

	Unaudited At 30/6/2010 HK\$'000	Audited At 31/12/2009 HK\$'000
Cash and bank balances	20,657	21,708
Non-pledged bank deposits	30,085	20,600
Pledged bank deposits	7,718	8,273
	58,460	50,581
Less: Pledged bank deposits	(7,718)	(8,273)
Cash and cash equivalents in the condensed consolidated statements of cash flows and financial position	50,742	42,308

19. Trade and Other Payables

Included in trade and other payables, the aging analysis for trade payables is as follows:

	Unaudited At 30/6/2010 HK\$'000	Audited At 31/12/2009 HK\$'000
Current	7,275	5,875
31 to 60 days	842	2,490
61 to 90 days	453	311
Over 90 days	460	446
Trade payables	9,030	9,122
Accrued charges and other payables	18,309	12,975
Financial liabilities measured at amortised cost	27,339	22,097

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

20. Profit Guarantee Liabilities

	HK\$'000
Carrying amount	
At 1 January 2009	45,500
Payment to SBI Macau Holdings Limited ("SBI Macau") under the profit guarantee	(3,792)
	<hr/>
At 31 December 2009 and 1 January 2010	41,708
Payment to SBI Macau under the profit guarantee	(9,100)
	<hr/>
At 30 June 2010 (Unaudited)	32,608
	<hr/>

	Unaudited At 30/6/2010 HK\$'000	Audited At 31/12/2009 HK\$'000
Current liabilities	9,100	9,100
Non-current liabilities	23,508	32,608
	<hr/>	<hr/>
	32,608	41,708
	<hr/>	<hr/>

The profit guarantee liabilities are carried at amortised cost.

21. Bank Loan

	Unaudited At 30/6/2010 HK\$'000	Audited At 31/12/2009 HK\$'000
Secured bank loans	1,497	–
	<hr/>	<hr/>

21. Bank Loan (Continued)

The maturity of the above borrowings is as follow:

	Unaudited At 30/6/2010 HK\$'000	Audited At 31/12/2009 HK\$'000
Within one year	179	–
Between one and two years	189	–
Between two and five years	638	–
Over five years	491	–
	1,497	–
Less: Amount due within one year shown under current liabilities	(179)	–
Amount due after one year	1,318	–

The non-revolving term loan carries a fixed interest rate and shall be repayable by consecutive monthly instalments. The loan is secured by the Group's property located in Canada with carrying amount of approximately HK\$1,516,000.

22. Loans Payables

	Note	Unaudited At 30/6/2010 HK\$'000	Audited At 31/12/2009 HK\$'000
Loan from shareholders of non-controlling interests			
– Mrs. Yung Yuen Ping Kwok	(i)	2,605	2,583
– SABC Holdings Ltd.	(ii)	7,502	7,439
		10,107	10,022
Loan from Maruhan Corporation ("Maruhan")	(iii)	149,739	132,246
Loan from SBI Macau	(iv)	39,486	39,486
Other loan	(v)	220,000	132,000
		419,332	313,754

22. Loans Payables *(Continued)*

Notes:

- (i) Mrs. Yung Yuen Ping Kwok is a shareholder of non-controlling interests of an 80% indirectly owned subsidiary of the Company, namely 665127 British Columbia Ltd.. The loan is unsecured, interest-free and not repayable within one year.
- (ii) SABC Holdings Ltd. is a shareholder of non-controlling interests of an 80% indirectly owned subsidiary of the Company, namely 665127 British Columbia Ltd.. The loan is unsecured, interest-free and not repayable within one year.
- (iii) As mentioned in note 31 to the Annual Report 2009, the amount represented the shareholder's loan of approximately HK\$66,468,000 due by World Fortune Limited ("World Fortune"), an indirect subsidiary of the Company, to Golden Sun Profits Limited ("Golden Sun"), an indirect subsidiary of the Company, taken up by Maruhan upon the completion of the World Fortune Disposal (as defined in note 5(b)(iii) to the Annual Report 2009) and further shareholder's loan of approximately HK\$83,271,000 (31 December 2009: approximately HK\$65,778,000) advanced by Maruhan to World Fortune pursuant to the World Fortune Shareholders' Agreement (as defined in note 5(b)(iii) to the Annual Report 2009). The loans are unsecured, interest-free and not repayable within one year.
- (iv) As mentioned in note 31 to the Annual Report 2009, pursuant to a deed of assignment dated 8 August 2008, Favor Jumbo Limited ("Favor Jumbo"), an indirect wholly-owned subsidiary of the Company, assigned the loan of approximately HK\$39,486,000 due by Golden Sun to SBI Macau. The loan is unsecured, interest-free and not repayable within one year.
- (v) The other loan carries a floating interest rate at HIBOR plus a margin and is secured by 51% of the entire issued share capital from time to time of Favor Jumbo. The loan shall be repayable on or before 36 months after 22 October 2009. According to the loan agreement, the Group shall maintain a consolidated tangible net worth at all times of not less than HK\$400 million.

The carrying amounts of the loans payables are approximately to their fair values.

23. Long-term Payables

	Unaudited At 30/6/2010 HK\$'000	Audited At 31/12/2009 HK\$'000
Present value of liabilities of		
– Maruhan Put Option	142,035	142,035
– SBI Macau Put Option	58,834	51,762
	200,869	193,797

The carrying amounts of the long-term payables are approximately to their fair values.

24. Financial Guarantee Contract

	HK\$'000
Carrying amount	
At 1 January 2009	44,100
Amortisation for the year	(12,600)
At 31 December 2009 and 1 January 2010	31,500
Amortisation for the period	(6,300)
At 30 June 2010 (Unaudited)	25,200

	Unaudited At 30/6/2010 HK\$'000	Audited At 31/12/2009 HK\$'000
Current liabilities	12,600	12,600
Non-current liabilities	12,600	18,900
	25,200	31,500

24. Financial Guarantee Contract *(Continued)*

At 30 June 2010, the Company had an outstanding corporate guarantee to a bank in respect of syndicated loan facilities of HK\$1,600 million (31 December 2009: HK\$1,600 million) granted to an associate (note 28). The maximum guarantee amount borne by the Company was HK\$860 million (31 December 2009: HK\$860 million). The total loan outstanding under the syndicated loan facilities as at 30 June 2010 was HK\$920 million (31 December 2009: HK\$1,040 million).

The financial guarantee contract is carried at amortised cost.

25. Share Capital

	Number of shares '000	Nominal value HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
At 1 January 2009, 31 December 2009, 1 January 2010 and 30 June 2010	160,000,000	1,600,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At 1 January 2009, 31 December 2009, 1 January 2010 and 30 June 2010	2,438,964	24,390

26. Related Party Transactions

- (a) The Group had the following transactions with the related parties during the period:

	Note	Unaudited	
		For the six months ended	
		30/6/2010	30/6/2009
		HK\$'000	HK\$'000
Travel service income received and receivable from an associate		234	13
Cost of sales related to travel services paid and payable to an associate		168	–
Management fee income received and receivable from an associate		3,414	3,437
Interest expenses paid and payable to a related company	(i)	402	347
Interest expenses paid and payable to a director and controlling shareholder	(ii)	1,271	132

- (b) The outstanding balances with related parties at 30 June 2010 and 31 December 2009 are as follows:

	Note	Unaudited	Audited
		At	At
		30/6/2010	31/12/2009
		HK\$'000	HK\$'000
Amount due from associates		1,129,764	1,044,036
Amount due from a jointly controlled entity		12,050	12,050
Due to a related company	(i)	21,568	20,994
Loan from a director and controlling shareholder	(ii)	70,500	47,500

26. Related Party Transactions *(Continued)*

(b) *(Continued)*

Notes:

- (i) The related company is an investment holding company beneficially wholly-owned by Mr. Yeung Hoi Sing, Sonny ("Mr. Yeung"). The amount due to a related company is unsecured, bearing interest at the rate of 4% per annum and not repayable within one year.
- (ii) The loan is unsecured and bearing interest at the prime rate quoted for Hong Kong dollars loans by The Hongkong and Shanghai Banking Corporation Limited. The final repayment date of the loan and all other sums owing to Mr. Yeung was further extended to 30 October 2012 by a letter agreement dated 23 June 2010.

(c) Key management personnel compensation

Compensation for key management personnel, including amounts paid to the Company's directors is as follows:

	Unaudited	
	For the six months ended	
	30/6/2010	30/6/2009
	HK\$'000	HK\$'000
Salaries and other short-term employee benefits	2,201	2,301
Retirement scheme contributions	30	30
Total emoluments are included in "staff costs"	2,231	2,331

27. Commitments

- (a) Capital commitments outstanding at 30 June 2010 not provided for in the financial statements were as follows:

	Unaudited At 30/6/2010 HK\$'000	Audited At 31/12/2009 HK\$'000
Contracted but not provided for		
– acquisition of properties	13,271	14,915
– renovation to properties	–	1,560
	13,271	16,475

- (b) At 30 June 2010, the total future minimum lease payments under non-cancellable operating lease are payable as follows:

	Unaudited At 30/6/2010 HK\$'000	Audited At 31/12/2009 HK\$'000
Within one year	4,243	5,339
In the second to fifth years, inclusive	3,639	3,339
	7,882	8,678

The Group leases certain office premises under operating leases. The leases typically run for periods ranging from two to five years. None of the lease includes contingent rentals.

28. Contingent Liabilities

As at 30 June 2010, the Company gave a corporate guarantee for the syndicated loan facilities of HK\$1,600 million granted to an associate of the Group (31 December 2009: HK\$1,600 million). The maximum guarantee amount borne by the Company was HK\$860 million (31 December 2009: HK\$860 million). The total loan outstanding for the syndicated loan facilities as at 30 June 2010 was HK\$920 million (31 December 2009: HK\$1,040 million).

29. Pledged Assets

As at 30 June 2010, the Group had pledged the following assets:

- (a) The Group pledged the time deposits of approximately HK\$7.7 million (31 December 2009: approximately HK\$8.3 million) to certain banks for the issuance of several bank guarantees and a standby letter of credit facility of approximately HK\$9.7 million (31 December 2009: approximately HK\$10.2 million) for the operations of the Group;
- (b) World Fortune pledged all (31 December 2009: 100%) of its shares in Pier 16 – Property Development Limited to a bank, for and on behalf of the syndicate of lenders, in respect of the syndicated loan facilities granted to Pier 16 – Property Development Limited;
- (c) New Shepherd Assets Limited, a wholly-owned subsidiary of the Company, pledged 51% (31 December 2009: 51%) of the entire issued share capital from time to time of Favor Jumbo to a financial institution which is a third party independent of the Company in respect of the revolving credit facility granted to the Company; and
- (d) The Group's self-occupied property with carrying amount of approximately HK\$1.5 million was pledged to bank to secure a bank loan to Jade Travel, Canada.

30. Seasonality

The turnover of the Group's travel business is subject to seasonal fluctuations, with peak demand during the holiday season whereas the Group's cruise leasing and management business is subject to relatively lower degree of seasonal volatility.

INDEPENDENT REVIEW REPORT



國衛會計師事務所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE BOARD OF DIRECTORS OF SUCCESS UNIVERSE GROUP LIMITED

(Incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 4 to 38, which comprise the condensed consolidated statement of financial position of Success Universe Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as of 30 June 2010 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, 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.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

HLB Hodgson Impey Cheng

Chartered Accountants

Certified Public Accountants

Hong Kong, 27 August 2010

MANAGEMENT DISCUSSION AND ANALYSIS

Worldwide financial markets rallied in 2009, lending thrust to the global economy in the first half of 2010. The travel and gaming industries also showed a notable recovery on the back of better economic fundamentals, lending support to the Group's performance during the reviewing period. Riding on its synergistic business platform and its three-pronged strategy, the Group's operating performance continued to improve while growth was achieved in its travel business as well as its flagship investment project – Ponte 16 for the six months ended 30 June 2010.

Results

The Group posted a turnover of approximately HK\$782.9 million for the six months ended 30 June 2010, representing an increase of approximately 32% from approximately HK\$593.6 million in the last corresponding period. Gross profit reached approximately HK\$43.8 million (2009: approximately HK\$53.3 million), while loss attributable to owners of the Company narrowed to approximately HK\$38.0 million (2009: approximately HK\$87.2 million). The reduction in loss attributable to owners of the Company was mainly due to the improved performance of Ponte 16. Loss per share was 1.56 HK cents for the reporting period, compared to loss per share of 3.57 HK cents in the first half of 2009.

Turnover from travel business was up approximately 34% to approximately HK\$748.1 million in the first half of 2010, primarily driven by the rebound in the market together with the contributions from higher-margin services such as MICE (Meeting, Incentive, Convention and Exhibition) business. During the reporting period, the Group's travel business posted a segment profit of approximately HK\$2.6 million as compared with a loss of approximately HK\$8.2 million in the last corresponding period.

Ponte 16 further strengthened its unique positioning during the reporting period and delivered a positive EBITDA*. It also achieved a significant growth in gross gaming revenue, and outperformed Macau's industry growth. However, Ponte 16 incurred high depreciation and amortisation charges during the initial stage of its operations. The Group's shared loss of the associates relating to Ponte 16 for the reporting period amounted to approximately HK\$18.6 million (2009: approximately HK\$59.3 million).

Interim Dividend

The directors of the Company ("Director(s)") do not recommend the declaration of any interim dividend for the six months ended 30 June 2010 (2009: Nil).

*EBITDA: *Earnings Before Interest, Taxes, Depreciation and Amortisation*

Review of Operations

Travel Business Achieved Sustainable Growth

As the global economy gradually recovered, the Group has seen a rebound in demand for leisure and business travels. To capture the opportunities arising from these favourable market dynamics, the Group stepped up its effort in expanding its MICE business in the first half of 2010. The Group's travel business achieved approximately 34% increase in its turnover for the six months ended 30 June 2010 as compared to the corresponding period in 2009, with turnover reaching approximately HK\$748.1 million (2009: approximately HK\$556.6 million). Segment profit reached approximately HK\$2.6 million (2009: loss of approximately HK\$8.2 million, primarily arising from impairment loss of intangible assets and goodwill).

During the reporting period, after the acquisition of an 80% stake in certain travel agency companies located in Canada and the United States of America (the "Jade Travel Group") by the Company in the second half of 2008, the Jade Travel Group continued to deliver strong performance with its popular inbound and outbound tours to and from North America. The travel business also offered cross-selling opportunities to Ponte 16 and the Group's cruise business. To further enhance its competitiveness, the Jade Travel Group began to build its own online booking system to offer one-stop online travel reservation services, providing customers with flexibility and convenience when making bookings with airlines, hotels, car rental companies and travel insurance agents. The online booking system is expected to be launched in mid 2011, enabling the Group to expand its market worldwide.

Stable Contribution from Cruise Business

The cruise business remained a steady revenue contributor for the Group in the first half of 2010. Turnover from the cruise ship, M.V. Macau Success (in which the Group has a 55% interest), decreased by approximately 6% to HK\$34.8 million (2009: HK\$37.0 million). Segment profit decreased to approximately HK\$1.1 million (2009: approximately HK\$1.9 million). During the reporting period, the surge in fuel costs continued to have a negative impact on the performance in this segment.

Review of Operations *(Continued)*

Investment Project, Ponte 16 – Further Strengthened its Position as a Premier Resort Destination

Ponte 16, the world-class integrated casino-entertainment resort located in Macau's historic Inner Harbour District, enjoys a unique brand positioning, with its entertainment and cultural elements appealing to tourists around the world.

During the reporting period, Ponte 16 recorded a positive EBITDA* and approximately 83% growth in gross gaming revenue over the corresponding period in 2009, outpacing the Macau's industry growth rate of approximately 67%. The occupancy rate of Sofitel Macau At Ponte 16 also achieved continuous growth, attributable to successful cross-selling strategies of the Group as well as effective marketing campaigns undertaken by Ponte 16.

In February 2010, Ponte 16 opened Asia's first MJ Gallery at Ponte 16 (the "Gallery") to coincide with its second anniversary. The Gallery houses over 40 rare collectibles of Michael Jackson ("MJ"), including a left hand white rhinestone glove which MJ wore when he premiered his Moonwalk dance. The Gallery is immensely popular among tourists since its opening, and has been officially recommended by the Macau Government Tourist Office as one of the city's "must-see" attractions. The Gallery has not only successfully attracted visitors from all over the world to the resort, it also further strengthened Ponte 16's unique market positioning and differentiates itself from its peers in the enclave. As an extension of the MJ theme, MJ Café at Ponte 16 was grand opened in August 2010 to offer tourists a comfortable environment for their breaks. The opening of the iconic Pier No. 16 clock tower in April 2010 also helped boost the traffic flow of Ponte 16.

To further promote Ponte 16 to the world, the resort joined hands with Julien's Auctions in May 2010 to bring to Macau a rich array of collectibles – they were belongings previously of Hollywood superstars, including MJ, "Superman" Christopher Reeve, Marilyn Monroe, Elvis Presley and Madonna. Also brought to Macau in the exhibition were costumes and props from the movie "Star Trek". These exhibits were available for public bidding in an auction held by Julien's Auctions in Las Vegas in June 2010. The cooperation with Julien's Auctions not only adds to the cultural appeal of Ponte 16, but also broadens its customer base and enhances the international image of Ponte 16 and even Macau. During the reporting period, Ponte 16 had seen a more diversified customer mix with tourists from Japan and other neighbouring countries on the rise.

*EBITDA: *Earnings Before Interest, Taxes, Depreciation and Amortisation*

Review of Operations *(Continued)*

Investment Project, Ponte 16 – Further Strengthened its Position as a Premier Resort Destination *(Continued)*

As of 30 June 2010, the casino has 109 gaming tables, 89 of which are mass gaming tables, eight are high-limit tables and 12 are VIP tables.

Leveraging the synergy created by the extensive office network of the Group's travel platform, the Group also stepped up its marketing effort in Mainland China, as well as forged the cooperation with various airlines and tour operators in China to provide different travel packages to draw visitors to Ponte 16. The initiatives have achieved initial success, as proven by the increased gross gaming revenue and rising hotel occupancy rate.

Sofitel Macau At Ponte 16 has continued to attract luxury travel guests with its world-class services and facilities. The VIP mansions of the hotel have been very popular with customers since its opening in the second half of 2009. As a testimony to its excellent services and amenities, Sofitel Macau At Ponte 16 was named one of the "Top 25 Hotels in Hong Kong, Macau and Taiwan" by TripAdvisor "Travelers' Choice 2010", and "The Best Macau Presidential Suites" by Hurun Presidential Awards 2009.

Financial Review

Liquidity, Financial Resources and Gearing

As at 30 June 2010, the Group had net current assets of approximately HK\$32.7 million (31 December 2009: approximately HK\$23.6 million) and net assets of approximately HK\$637.2 million (31 December 2009: approximately HK\$673.9 million).

On 1 December 2008, Mr. Yeung Hoi Sing, Sonny ("Mr. Yeung"), a Director and a controlling shareholder of the Company, provided a HK\$200 million term loan facility to the Company which is unsecured and charged with interest at the prime rate quoted for Hong Kong dollars loans by The Hongkong and Shanghai Banking Corporation Limited. The principal amount of the loan facility was increased up to HK\$290 million on 14 April 2009 and the final repayment date of the loan and all other sums owing to Mr. Yeung under the revised loan facility was further extended to 30 October 2012 by a letter agreement dated 23 June 2010. During the reporting period, the Company had utilised the loan facility in the amount of HK\$70.5 million (31 December 2009: HK\$47.5 million).

Financial Review *(Continued)*

Liquidity, Financial Resources and Gearing *(Continued)*

On 22 October 2009, the Company as borrower and New Shepherd Assets Limited ("New Shepherd"), a wholly-owned subsidiary of the Company, as security provider entered into an agreement in relation to a HK\$250 million revolving credit facility (the "Revolving Credit Facility") with a financial institution (the "Lender") as lender, which is a third party independent of the Company. The Revolving Credit Facility carries a floating interest rate and the loan under such facility shall be repayable on or before 36 months after 22 October 2009. The proceeds of the Revolving Credit Facility should be applied for on-lending to Pier 16 – Property Development Limited ("Pier 16 – Property Development") in connection with the cashflow requirements of Pier 16 – Property Development and its subsidiaries. As at 30 June 2010, the Company had utilised the Revolving Credit Facility in the amount of HK\$220 million (31 December 2009: HK\$132 million).

As at 30 June 2010, Jade Travel Ltd. ("Jade Travel, Canada"), an 80% indirectly owned subsidiary of the Company which was incorporated in Canada, was granted a secured bank loan which carries a fixed interest rate and the loan shall be repayable by consecutive monthly instalments. The proceed of the loan was to finance the renovation cost for the newly acquired properties of Jade Travel, Canada. As at 30 June 2010, the outstanding loan was approximately HK\$1.5 million (31 December 2009: Nil).

Apart from the aforesaid loans, as at 30 June 2010, the Group had interest-bearing loan from a related company of approximately HK\$21.6 million (31 December 2009: approximately HK\$21.0 million). The loan is unsecured and charged with interest at the rate of 4% per annum and has no fixed terms of repayment. As at 30 June 2010, there were loans from shareholders of non-controlling interests of approximately HK\$10.1 million (31 December 2009: approximately HK\$10.0 million) and other loans payables of approximately HK\$189.2 million (31 December 2009: approximately HK\$171.7 million). The loans are interest-free, unsecured and will not be repaid within the next twelve months.

Total equity attributable to owners of the Company as at 30 June 2010 was approximately HK\$589.7 million (31 December 2009: approximately HK\$627.7 million). Accordingly, the gearing ratio, which was measured on the basis of the interest-bearing borrowings of the Group over equity attributable to owners of the Company, was approximately 53% as at 30 June 2010 (31 December 2009: approximately 32%).

Financial Review *(Continued)*

Provision of Financial Assistance to Pier 16 – Property Development

Reference was made to the announcement dated 25 June 2010 issued by the Company, additional shareholder's loans in the total amount of approximately HK\$105.5 million had been provided to Pier 16 – Property Development during the reporting period, which were mainly to finance the construction cost of and the repayment of indebtedness by Pier 16 – Property Development.

Pledge of Assets

As at 30 June 2010, the Group had secured the following assets:

- (a) the Group pledged the time deposits of approximately HK\$7.7 million (31 December 2009: approximately HK\$8.3 million) to certain banks for the issuance of several bank guarantees and a standby letter of credit facility of approximately HK\$9.7 million (31 December 2009: approximately HK\$10.2 million) for the operations of the Group;
- (b) World Fortune Limited, an indirect subsidiary of the Company, pledged all (31 December 2009: 100%) of its shares in Pier 16 – Property Development to a bank, for and on behalf of the syndicate of lenders, in respect of syndicated loan facilities granted to Pier 16 – Property Development;
- (c) New Shepherd pledged 51% (31 December 2009: 51%) of the entire issued share capital from time to time of Favor Jumbo Limited, a wholly-owned subsidiary of the Company, to the Lender in respect of the Revolving Credit Facility granted to the Company; and
- (d) the Group's self-occupied property with carrying amount of approximately HK\$1.5 million was pledged to a bank to secure a bank loan to Jade Travel, Canada.

Contingent Liabilities

As at 30 June 2010, the Company gave a corporate guarantee for the syndicated loan facilities of HK\$1,600 million granted to an associate of the Group (31 December 2009: HK\$1,600 million). The maximum guarantee amount borne by the Company was HK\$860 million (31 December 2009: HK\$860 million). The total loan outstanding for the syndicated loan facilities as at 30 June 2010 was HK\$920 million (31 December 2009: HK\$1,040 million).

Human Resources

As at 30 June 2010, the Group had a total of 415 employees. Remuneration is determined on the basis of qualifications, experience, responsibilities 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

Looking ahead, global economic growth is expected to take hold amid signs of a global recovery, with US interest rates staying at historic low levels underpinning asset prices worldwide. The Macau Government's recent decision to cap the number of gaming tables will help to create a healthy environment for the long-term development of the gaming and entertainment industry. However, industry competition in Macau remains intense. Therefore, the Group will take a positive yet cautious stance in the second half of 2010.

The Group's travel business is expected to keep an upward trend along with the steady recovery in the market. In the wake of China granting Canada "Approved Destination Status", new business opportunities have been opened up for the Group, and networking efforts are already underway to identify business partners with good creditability in China to channel business to the Jade Travel Group. The Group will also focus on expanding its foothold into the China market and forge cooperation with China's tour operators to enable cross-selling to Ponte 16 and its cruise business.

China is receiving a new round of international attention as an investment and trade destination in the wake of the country's economic resilience to the impact of the global financial meltdown. Due to Macau's proximity to China, it is expected that more business travel to flow through to Macau. More resources will be devoted to expand the Group's MICE business. The Group has been proactively liaised with convention centres around the globe to capture business opportunities. With the improving global economy, management believes that the MICE market will continue to grow and bring in new revenue for the Group.

Prospects *(Continued)*

For the cruise business, the Group will continue to streamline its operations to enhance efficiency and profitability.

With regard to the Group's flagship investment project – Ponte 16, the traffic flow and occupancy rate are expected to improve further along with the growing number of visitors around the globe to visit the Gallery. In view of the successful launch of the Gallery, Ponte 16 will continue to explore new Hollywood elements to further consolidate its unique market positioning as a tourist hot spot in Macau. In October 2010, Julien's Auctions' first ever pop culture auction in Asia will take place at Ponte 16, featuring items from legendary figures including MJ, Madonna, Elvis Presley and Bruce Lee etc. Ponte 16 will continue to partner with Julien's Auctions to organise pop culture auctions regularly to further enhance its brand awareness worldwide.

Ponte 16 will also concentrate on optimising the customer mix to increase the profitability of its operations. In order to broaden the customer base of Ponte 16, the Group is in negotiation with various airlines and tour operators to offer travel packages to customers worldwide including North America and Asia, bringing more visitors to its resort and casino.

With the additional eight gaming tables in the casino's VIP hall since the third quarter of 2010, it is expected that the growth momentum of the gross gaming revenue would be maintained in the second half of 2010. Ponte 16 will also introduce multi-games electronic gaming machine platform to cater to different customers' preferences and to maximise the utilisation of gaming floor space.

With the positive economic outlook and favourable government policies in Macau, as well as the strengthened business platform and strategic business plans of the Group, the management is cautiously optimistic about the prospects of the Group and is confident that the Group is well-positioned to capture opportunities ahead thus delivering favourable returns to the shareholders of the Company.

DISCLOSURE OF INTERESTS

Directors' and Chief Executive's Interests in Securities

As at 30 June 2010, 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")) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise, 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"):

Interest in the shares of the Company ("Share(s)")

Name of Director	Long position/ Short position	Nature of interest	Number of Shares held	Approximate percentage of shareholding %
Mr. Yeung Hoi Sing, Sonny (<i>Note</i>)	Long position	Corporate interest	1,010,953,432	41.45

Note: Mr. Yeung Hoi Sing, Sonny, an executive Director and the Chairman of the Company, is deemed to have corporate interest in 1,010,953,432 Shares 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 30 June 2010, none of the Directors or chief executive of the Company, or their respective 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) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise, notified to the Company and the Stock Exchange pursuant to the Model Code.

Share Option Scheme and Directors' 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 may at a consideration of HK\$1 offers to grant share options to selected eligible persons to subscribe for Shares as incentives or rewards for their contribution to the Group. The exercise price of any share option will be determined by the Board at its absolute discretion, but in any event shall not be less than the highest of (i) the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the date on which the relevant option is offered; (ii) the average of the official closing price of the 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 offered; and (iii) the nominal value of the Share.

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 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 10 years from the date of adoption of the Share Option Scheme, i.e. 20 August 2004.

No options under the Share Option Scheme had been granted to any person since its adoption and up to 30 June 2010.

At no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Substantial Shareholders' Interests in Securities

As at 30 June 2010, the following persons (other than a Director or chief executive of the Company) had, or were deemed or taken to have, interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Interest in the Shares

Name of substantial shareholder	Long position/ Short position	Capacity	Number of Shares held	Approximate percentage of shareholding %
Silver Rich Macau Development Limited	Long position	Beneficial owner	1,010,953,432	41.45
Trustcorp Limited (Note 1)	Long position	Trustee	1,010,953,432	41.45
Newcorp Ltd. (Note 1)	Long position	Interest of controlled corporation	1,010,953,432	41.45
Ms. Liu Siu Lam, Marian (Note 2)	Long position	Interest of spouse	1,010,953,432	41.45
Maruhan Corporation	Long position	Beneficial owner	440,000,000	18.19

Notes:

- The entire issued share capital of Silver Rich Macau Development Limited is held by Trustcorp Limited, which is a trustee of a discretionary trust, the beneficiaries of which are family members of Mr. Yeung Hoi Sing, Sonny. Trustcorp Limited is a wholly-owned subsidiary of Newcorp Ltd.. Accordingly, each of Trustcorp Limited and Newcorp Ltd. was deemed to be interested in 1,010,953,432 Shares held by Silver Rich Macau Development Limited.
- Ms. Liu Siu Lam, Marian, being the spouse of Mr. Yeung Hoi Sing, Sonny, was deemed to be interested in 1,010,953,432 Shares in which Mr. Yeung Hoi Sing, Sonny had a deemed interest.

Save as disclosed above, as at 30 June 2010, no other person (other than a Director or chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares and underlying Shares which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DISCLOSURE UNDER RULES 13.20 AND 13.22 OF THE LISTING RULES

Based on the disclosure obligations under Rules 13.20 and 13.22 of the Listing Rules, the financial assistance, which was made by the Group by way of the shareholder's loan provided by World Fortune Limited ("World Fortune"), an indirect subsidiary of the Company, and a corporate guarantee given by the Company in respect of the payment obligation of Pier 16 – Property Development Limited ("Pier 16 – Property Development", a 49% owned associate of World Fortune) under syndicated loan facilities granted to Pier 16 – Property Development (the "Financial Assistance"), continued to exist as at 30 June 2010. Pier 16 – Property Development is principally engaged in the property holding and, through its subsidiaries, operating Ponte 16, being a world-class integrated casino-entertainment resort located in Macau. The Financial Assistance is mainly used for the development and operations of Ponte 16.

The amounts of the Financial Assistance as at 30 June 2010 were set out below:

Name of associate	Shareholder's loan HK\$'million	Corporate guarantee HK\$'million	Aggregate Financial Assistance HK\$'million
Pier 16 – Property Development	1,194.5	860.0	2,054.5

The shareholder's loan provided by World Fortune is unsecured, interest-free and has no fixed terms of repayment.

Further details are set out in notes 13 and 24 to the condensed consolidated financial statements.

Set out below is a combined balance sheet of Pier 16 – Property Development and the Group's attributable interests in this associate according to its management account for the period ended 30 June 2010:

	Combined balance sheet HK\$'000	Group's attributable interests HK\$'000
Non-current assets	2,453,303	1,202,119
Current assets	399,110	195,564
Current liabilities	359,956	176,379
Non-current liabilities	3,118,048	1,527,843

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

During the six months ended 30 June 2010, 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 applied the principles and 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 30 June 2010.

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 of all Directors, each of whom has confirmed his/her compliance with the required standard set out in the Code of Conduct and the Model Code throughout the six months ended 30 June 2010.

INFORMATION IN RESPECT OF DIRECTORS

There was no change in the information of the Directors subsequent to the date of the Annual Report 2009 of the Company and up to the date of this report which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

AUDIT COMMITTEE

The Audit Committee of the Company (the “Audit Committee”) 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 as required under the Listing Rules.

The primary duties of the Audit Committee include, inter alia, monitoring integrity of the financial statements of the Company and ensuring objectivity and credibility of financial reporting, reviewing the internal control system of the Group as well as overseeing the relationship with the external auditors of the Company.

REVIEW OF INTERIM RESULTS

The unaudited interim results for the six months ended 30 June 2010 have been reviewed by the Audit Committee and HLB Hodgson Impey Cheng, 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, 27 August 2010