



MACAU SUCCESS LIMITED

澳門實德有限公司*

(Incorporated in Bermuda with limited liability)

Stock Code: 00487

Interim Report
2008

* For identification purpose only

Turning a New Page of

Success

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CORPORATE INFORMATION

Directors

Executive Directors

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

Qualified Accountant

Mr. Leung Sui Wah, Raymond

Authorised Representatives

Mr. 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*)
Mr. Ma Ho Man, Hoffman

Auditors

CCIF CPA Limited

Legal Advisors on Hong Kong Law

lu, Lai & Li

Legal Advisors on Bermuda Law

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

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.macausuccess.com



OPERATIONAL HIGHLIGHTS

Unaudited interim results for the six months ended 31 March 2008

- The total turnover decreased slightly to approximately HK\$50.2 million
- Turnover from the cruise business remained stable, with a segment profit of approximately HK\$13.5 million
- Turnover from the travel business decreased to approximately HK\$2.2 million, with a segment loss of approximately HK\$0.3 million
- Net profit attributable to equity shareholders increased to HK\$51.2 million
- Casino of Ponte 16 commenced operation on 1 February 2008

The board of directors (the "Board") of Macau Success Limited (the "Company") presents the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the six months ended 31 March 2008 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31 MARCH 2008

| | Note | (Unaudited) | |
|--|------|--------------------------------------|------------------|
| | | For the six months ended 31 March | |
| | | 2008 HK\$'000 | 2007 HK\$'000 |
| TURNOVER | 2 | 50,202 | 52,845 |
| Cost of sales | | (2,429) | (5,083) |
| Gross profit | | 47,773 | 47,762 |
| Other revenue | | 6,216 | 10,504 |
| Gain on partial disposal of a subsidiary | 17 | 116,992 | – |
| Change in fair value of derivative financial instrument | 12 | (26) | – |
| Administrative expenses | | (55,780) | (42,278) |
| PROFIT FROM OPERATIONS | 3 | 115,175 | 15,988 |
| Share of results of associates | | (64,346) | (607) |
| PROFIT BEFORE TAXATION | | 50,829 | 15,381 |
| Income tax | 4 | – | – |
| PROFIT FOR THE PERIOD | | 50,829 | 15,381 |
| ATTRIBUTABLE TO: | | | |
| Equity shareholders of the Company | | 51,182 | 6,700 |
| Minority interests | | (353) | 8,681 |
| PROFIT FOR THE PERIOD | | 50,829 | 15,381 |
| EARNINGS PER SHARE | | | |
| – Basic | 5 | HK2.14 cents | HK0.31 cents |
| – Diluted | | N/A | N/A |

CONDENSED CONSOLIDATED BALANCE SHEET

AT 31 MARCH 2008

| | Note | (Unaudited) 31 March 2008 HK\$'000 | (Audited) 30 September 2007 HK\$'000 |
|--|------|---|---|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 7 | 87,819 | 87,945 |
| Goodwill | 8 | 1,313 | 1,313 |
| Interest in associates | 9 | 1,213,669 | 886,930 |
| | | 1,302,801 | 976,188 |
| CURRENT ASSETS | | | |
| Inventories | | 2,248 | 1,323 |
| Trade and other receivables | 10 | 100,983 | 18,398 |
| Pledged bank deposits | | 761 | 751 |
| Cash and bank balances | | 79,712 | 200,719 |
| | | 183,704 | 221,191 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 11 | 7,599 | 106,422 |
| Tax payable | | 162 | 961 |
| Derivative financial instrument | 12 | 224 | – |
| | | 7,985 | 107,383 |
| NET CURRENT ASSETS | | | |
| | | 175,719 | 113,808 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | |
| | | 1,478,520 | 1,089,996 |
| NON-CURRENT LIABILITIES | | | |
| Loans from minority shareholders | 13 | 107,256 | – |
| Deferred tax liabilities | | 83 | 83 |
| Financial guarantee contract | 20 | 53,550 | 63,000 |
| | | 160,889 | 63,083 |
| NET ASSETS | | | |
| | | 1,317,631 | 1,026,913 |
| CAPITAL AND RESERVES | | | |
| Share capital | 14 | 24,195 | 21,995 |
| Reserves | 15 | 1,233,341 | 954,935 |
| EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY | | | |
| | | 1,257,536 | 976,930 |
| Minority Interests | 15 | 60,095 | 49,983 |
| TOTAL EQUITY | | | |
| | | 1,317,631 | 1,026,913 |

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 MARCH 2008

(Unaudited)

Attributable to equity shareholders of the Company

| | Share capital | | Share Distributable reserve | | Capital redemption reserve | Property revaluation reserve | | Retained profits | Total | Minority interests | Total equity |
|--|---------------|----------|-----------------------------|----------|----------------------------|------------------------------|-----------|------------------|-----------|--------------------|--------------|
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | | | |
| At 1 October 2006 | 21,395 | 612,516 | 52,333 | 976 | 187,065 | 52,331 | 926,616 | 40,304 | 966,920 | | |
| Allotment of consideration shares (note 14(a)) | 600 | 47,400 | - | - | - | - | 48,000 | - | 48,000 | | |
| Profit for the period | - | - | - | - | - | 6,700 | 6,700 | 8,681 | 15,381 | | |
| At 31 March 2007 | 21,995 | 659,916 | 52,333 | 976 | 187,065 | 59,031 | 981,316 | 48,985 | 1,030,301 | | |
| At 1 October 2007 | 21,995 | 659,916 | 52,333 | 976 | 187,065 | 54,645 | 976,930 | 49,983 | 1,026,913 | | |
| Allotment of shares (note 14(b)) | 2,200 | 231,440 | - | - | - | - | 233,640 | - | 233,640 | | |
| Share issuance costs | - | (4,216) | - | - | - | - | (4,216) | - | (4,216) | | |
| Profit/(loss) for the period | - | - | - | - | - | 51,182 | 51,182 | (353) | 50,829 | | |
| Partial disposal of a subsidiary | - | - | - | - | - | - | - | 17,215 | 17,215 | | |
| Dividend paid to minority shareholders | - | - | - | - | - | - | - | (6,750) | (6,750) | | |
| At 31 March 2008 | 24,195 | 887,140 | 52,333 | 976 | 187,065 | 105,827 | 1,257,536 | 60,095 | 1,317,631 | | |

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 31 MARCH 2008

(Unaudited)
For the six months ended
31 March

| | 2008 HK\$'000 | 2007 HK\$'000 |
|--|------------------|------------------|
| Net cash used in operating activities | (424,454) | (213,002) |
| Net cash generated from/(used in) investing activities | 39,985 | (148,828) |
| Net cash generated from financing activities | 263,462 | – |
| Net decrease in cash and cash equivalents | (121,007) | (361,830) |
| Cash and cash equivalents at beginning of the period | 200,719 | 468,876 |
| Cash and cash equivalents at end of the period | 79,712 | 107,046 |
| Analysis of balances of cash and cash equivalents | | |
| Cash and bank balances | 79,712 | 107,046 |

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2008

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.

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 2007, except for the adoption of the following Hong Kong Financial Reporting Standards (“HKFRSs”), which are adopted for the first time in the current period’s financial statements.

| | |
|------------------|---|
| HKAS 1 Amendment | Capital Disclosures |
| HKFRS 7 | Financial Instruments: Disclosures |
| HK(IFRIC)-Int 10 | Interim Financial Reporting and Impairment |
| HK(IFRIC)-Int 11 | HKFRS 2 – Group and Treasury Share Transactions |

The adoption of these new and revised HKFRSs does not have significant impact on the Group’s operating results or financial position. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 23).

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 2007. The condensed consolidated interim 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 2008 analysed by business segments and geographical segments are as follows:

a) Business segments

For the six months ended 31 March 2008

| | Cruise leasing and management | Travel | Consolidated |
|---------------------------------------|-------------------------------------|--------------|-----------------|
| | HK\$'000 | HK\$'000 | HK\$'000 |
| Turnover | 48,000 | 2,202 | 50,202 |
| Other revenue | 33 | 33 | 66 |
| | 48,033 | 2,235 | 50,268 |
| Segment results | 13,477 | (313) | 13,164 |
| Unallocated corporate income | | | 123,142 |
| Unallocated corporate expenses | | | (21,131) |
| Profit from operations | | | 115,715 |
| Share of results of associates | | | (64,346) |
| Profit before taxation | | | 50,829 |

For the six months ended 31 March 2007

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

2. TURNOVER AND SEGMENT INFORMATION (Continued)

b) Geographical segments

For the six months ended 31 March

| | Turnover | | Segment results | |
|---|---------------|---------------|-----------------|---------------|
| | 2008 | 2007 | 2008 | 2007 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Hong Kong | 2,202 | 4,944 | (300) | (348) |
| South China Sea, other than in Hong Kong | 48,000 | 47,901 | 13,477 | 19,609 |
| Macau | – | – | (13) | (6) |
| | 50,202 | 52,845 | 13,164 | 19,255 |

3. PROFIT FROM OPERATIONS

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

| | For the six months ended | |
|---|--------------------------|----------|
| | 31 March | |
| | 2008 | 2007 |
| | HK\$'000 | HK\$'000 |
| Crediting: | | |
| Gain on partial disposal of a subsidiary (note 17) | (116,992) | – |
| Dividend from available-for-sale investment | – | (1,133) |
| Interest income | (4,070) | (6,922) |
| Charging: | | |
| Auditor's remuneration | 295 | 110 |
| Depreciation | 4,921 | 4,131 |
| Loss on disposal of property, plant and equipment | 104 | 23 |
| Operating lease rentals | | |
| – land and buildings | 1,654 | 1,588 |
| – plant and machinery | 20 | 20 |
| Staff costs (including contribution of retirement scheme of HK\$373,000 (2007: HK\$297,000)) | 20,232 | 18,239 |

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 2008 as the Group has no estimated assessable profits for the period (for the six months ended 31 March 2007: HK\$Nil).

5. 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:

| | For the six months ended 31 March | |
|--|--------------------------------------|----------|
| | 2008 | 2007 |
| | HK\$'000 | HK\$'000 |
| Earnings | | |
| Earnings for the purpose of basic earnings per share | 51,182 | 6,700 |

| | For the six months ended 31 March | |
|--|--------------------------------------|---------------|
| | 2008 | 2007 |
| Number of shares | | |
| Weighted average number of the shares for the purpose of basic earnings per share | 2,389,409,588 | 2,149,684,013 |

There was no dilution effect on the basic earnings per share for the six months ended 31 March 2008 and 31 March 2007 respectively as there were no dilutive instruments outstanding during both periods.

6. DIVIDENDS

The directors of the Company do not recommend the declaration of any interim dividend for the period (for the six months ended 31 March 2007: Nil).

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

7. PROPERTY, PLANT AND EQUIPMENT

| | HK\$'000 |
|-------------------------------------|----------|
| Net book value as at 1 October 2007 | 87,945 |
| Additions | 4,999 |
| Disposal | (204) |
| Depreciation charge for the period | (4,921) |
| | <hr/> |
| Net book value as at 31 March 2008 | 87,819 |

8. GOODWILL

| | HK\$'000 |
|---|----------|
| Net book value as at 1 October 2007 and 31 March 2008 | 1,313 |

9. INTEREST IN ASSOCIATES

(a)

| | 31 March 2008 HK\$'000 | 30 September 2007 HK\$'000 |
|--|------------------------------|----------------------------------|
| Share of net assets | 361,397 | 425,696 |
| Goodwill (d) | 19,409 | 19,409 |
| | <hr/> | <hr/> |
| Amounts due from associates | 779,313 | 445,105 |
| Financial guarantee contract (note 20) | 53,550 | 63,000 |
| | <hr/> | <hr/> |
| | 1,213,669 | 886,930 |

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

9. INTEREST IN ASSOCIATES (Continued)

(b) Particulars of the associates as at 31 March 2008 are as follows:

| Name of associate | Place of incorporation and operation | Particulars of issued and paid up capital | Proportion of ownership interest | | | Principal activities |
|---|--------------------------------------|---|----------------------------------|---------------------|---------------------------------------|--|
| | | | Group's effective interest | Held by the Company | Held by a non wholly-owned subsidiary | |
| Pier 16 – Entertainment Group Corporation Limited | Macau | 2 shares of MOP24,000 and MOP1,000 respectively | 44% | – | 49% | Operation of casino and promotion of entertainment products and activities |
| Pier 16 – Management Limited | Macau (also operated in Hong Kong) | 2 shares of MOP24,000 and MOP1,000 respectively | 44% | – | 49% | Provision of management services for development of an integrated casino-resort project "Ponte 16" |
| Pier 16 – Property Development Limited | Macau | 100,000 shares of MOP100 each | 44% | – | 49% | Investment, development and operation of an integrated casino-resort project "Ponte 16" |
| Pier 16 – Resort Hotel Management Limited | Macau | 2 shares of MOP24,000 and MOP1,000 respectively | 44% | – | 49% | Provision of management services for an integrated casino-resort project "Ponte 16" |

- (c) On 1 October 2007, Golden Sun Profits Limited ("Golden Sun"), a wholly-owned subsidiary of the Company, as vendor and the Company as Golden Sun's guarantor entered into a sale and purchase agreement with a then independent third party, Maruhan Corporation ("Maruhan") as purchaser for the disposal of 10.2% interest in the entire issued share capital of, and the related shareholder's loan to, World Fortune Limited ("World Fortune"), a then wholly-owned subsidiary of the Company. Upon completion of the disposal, the Group's effective interest in the associates decreased from 49% to approximately 44%.

9. INTEREST IN ASSOCIATES (Continued)

(d) Goodwill

| | 31 March 2008 HK\$'000 | 30 September 2007 HK\$'000 |
|---|---------------------------------------|----------------------------------|
| At 1 October | 19,409 | 4,581 |
| Further acquisition of 12.25% interest in Pier 16 – Property Development Limited | – | 14,828 |
| | 19,409 | 19,409 |

- i) On 30 November 2006, World Fortune as purchaser entered into an agreement with an independent third party, Joy Idea Investments Limited for the purchase of 12.25% equity interest in and the related loan to Pier 16 – Property Development Limited (“Pier 16 – Property Development”), an associate of the Company, for an aggregate consideration of HK\$200 million. On the date of acquisition, the fair value of Pier 16 – Property Development was approximately HK\$157 million. The consideration excluding the sale loan of approximately HK\$29 million was approximately HK\$171 million. By excluding acquisition expenses of approximately HK\$0.8 million, the goodwill for this acquisition was approximately HK\$14.8 million.
- ii) Impairment test for interest in associates

The recoverable amount of interest in Pier 16 – Property Development is determined by using discount cash flows which represents the present value of estimated future cash flows expected to arise from ultimate disposal of Pier 16 – Property Development. The discount rate used is the five-year Exchange Fund Notes as at 31 March 2008 of 2.04 per cent (2007: 4.09 per cent).

9. INTEREST IN ASSOCIATES (Continued)

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

| | 31 March | 30 September |
|-------------|------------------|--------------|
| | 2008 | 2007 |
| | HK\$'000 | HK\$'000 |
| Assets | 3,850,171 | 2,748,553 |
| Liabilities | 3,112,626 | 1,879,786 |
| Equity | 737,545 | 868,767 |
| Revenues | 37,418 | – |
| Loss | (131,318) | (33,428) |

10. TRADE AND OTHER RECEIVABLES

| | 31 March | 30 September |
|--|-----------------|--------------|
| | 2008 | 2007 |
| | HK\$'000 | HK\$'000 |
| Trade receivables | 2,147 | 996 |
| Deposits, prepayment and other receivables | 98,836 | 17,402 |
| | 100,983 | 18,398 |

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

Included in deposits, prepayment and other receivables is 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 a 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 then 90% owned subsidiary of 上海永德.

10. 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:

| | 31 March 2008 HK\$'000 | 30 September 2007 HK\$'000 |
|--------------------|---------------------------------------|----------------------------------|
| Current to 30 days | 2,090 | 727 |
| 31 to 60 days | 12 | 165 |
| 61 to 90 days | 45 | – |
| Over 90 days | – | 104 |
| | 2,147 | 996 |

The Group normally allows a credit period of 30 days (2007: 30 days)

11. TRADE AND OTHER PAYABLES

| | 31 March 2008 HK\$'000 | 30 September 2007 HK\$'000 |
|------------------------------------|---------------------------------------|----------------------------------|
| Trade payables | 168 | 163 |
| Accrued charges and other payables | 7,431 | 106,259 |
| | 7,599 | 106,422 |

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

Included in accrued charges and other payables is a deposit of HK\$100 million received from a purchaser for the Group's disposal of 10.2% equity interest in World Fortune. The amount was applied as part of consideration upon completion of the disposal on 29 October 2007.

11. TRADE AND OTHER PAYABLES (Continued)

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

| | 31 March | 30 September |
|--------------------|-----------------|--------------|
| | 2008 | 2007 |
| | HK\$'000 | HK\$'000 |
| Current to 30 days | 155 | 149 |
| 31 to 60 days | – | 1 |
| 61 to 90 days | – | – |
| Over 90 days | 13 | 13 |
| | 168 | 163 |

12. DERIVATIVE FINANCIAL INSTRUMENT

| | 31 March | 30 September |
|--|-----------------|--------------|
| | 2008 | 2007 |
| | HK\$'000 | HK\$'000 |
| Grant of a put option, at fair value | 198 | – |
| Loss from change in fair value during the period | 26 | – |
| | 224 | – |

- a) On 29 October 2007, Golden Sun, World Fortune and the Company entered into a shareholders' agreement with Maruhan relating to World Fortune upon completion of the disposal of 10.2% interest in the entire issued share capital of, and the related shareholder's loan to, World Fortune. Pursuant to the terms of the shareholders' agreement, Golden Sun, in consideration of HK\$1, granted to Maruhan the right to require Golden Sun to purchase or procure the purchase of the entire equity interest owned by Maruhan in World Fortune and the entire amount of shareholder's loan provided by Maruhan to World Fortune. The option shall be exercised at any time on any business day during the period commencing from the fifth anniversary of the said agreement and ending on the day falling six months thereafter subject to conditions.

12. DERIVATIVE FINANCIAL INSTRUMENT (Continued)

The option purchase price shall be determined based on Maruhan's effective interest in the properties held by Pier 16 – Property Development and with reference to a 30% discount to the then prevailing market value of the said properties to be determined by an independent professional valuer to be agreed by the shareholders of World Fortune. The option was initially recognized as derivative financial liability in the balance sheet based on the valuation performed by Norton Appraisals Limited.

- b) The option is remeasured at fair value as estimated by the valuer based on certain assumptions at each balance sheet date. The fair value of the option as at 1 October 2007 and 31 March 2008 were calculated using the Black-Scholes-Merton Option Pricing Model with the following major inputs:

| | 31 March 2008 | 1 October 2007 |
|---------------------------------|--------------------------|-------------------|
| i) Risk free rate | 2.082% | 4.113% |
| ii) Stock price (HK\$'000) | 150,440 | 134,796 |
| iii) Exercise price (HK\$'000) | 136,445 | 136,445 |
| iv) Volatility (%) | 5.040% | 5.040% |
| v) Expected Option Life (years) | 5 | 5.5 |

13. LOANS FROM MINORITY SHAREHOLDERS

On 1 October 2007, Golden Sun as vendor and the Company as vendor's guarantor entered into a sale and purchase agreement with Maruhan as purchaser for the disposal of 10.2% interest in the entire issued share capital of, and the related shareholder's loan of approximately HK\$66.5 million to, World Fortune.

On 29 October 2007, Golden Sun, Maruhan, the Company and World Fortune entered into a shareholders' agreement relating to World Fortune. Pursuant to the terms of the shareholders' agreement, Maruhan agreed to provide further shareholder's loan of approximately HK\$116 million according to its shareholding to World Fortune which will on-lend the same to Pier 16 – Property Development for the purpose of financing and completing the development of the integrated casino-resort project "Ponte 16". During the period, Maruhan advanced approximately HK\$40.8 million. The loan is interest free and unsecured.

In the opinion of the directors of the Company, the loans will not be repaid within the next twelve months and the carrying value approximated to the fair value.

14. SHARE CAPITAL

| | Note | Number of shares '000 | Nominal value HK\$'000 |
|-------------------------------------|------|-----------------------------|------------------------------|
| Authorised: | | | |
| Ordinary shares of HK\$0.01 each | | | |
| At 30 September 2007 | | 160,000,000 | 1,600,000 |
| At 1 October 2007 and 31 March 2008 | | 160,000,000 | 1,600,000 |
| Issued and fully paid: | | | |
| Ordinary shares of HK\$0.01 each | | | |
| At 1 October 2006 | | 2,139,464 | 21,395 |
| Allotment of consideration shares | (a) | 60,000 | 600 |
| At 30 September 2007 | | 2,199,464 | 21,995 |
| At 1 October 2007 | | 2,199,464 | 21,995 |
| Allotment of shares | (b) | 220,000 | 2,200 |
| At 31 March 2008 | | 2,419,464 | 24,195 |

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

- a) On 30 November 2006, World Fortune as purchaser entered into an agreement for the purchase of 12.25% of the equity interest in and the related loan to Pier 16 – Property Development at an aggregate consideration of HK\$200 million. The consideration was settled partly by cash of HK\$152 million and partly by the allotment and issue of 60 million 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.
- b) On 1 October 2007, the Company entered into a subscription agreement with Maruhan for the subscription of 220 million shares of the Company at HK\$1.062 each. The Company allotted and issued such shares on 26 October 2007. The gross proceeds from the issue were approximately HK\$233.6 million and were used as general working capital.

15. RESERVES

(Unaudited)
Attributable to equity shareholders of the Company

| | Share Distributable | | Capital | Property | Retained | Total | Minority interests | Total |
|---|---------------------|----------|--------------------|---------------------|----------|-----------|--------------------|-----------|
| | premium | reserve | redemption reserve | revaluation reserve | profits | | | |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| At 1 October 2006 | 612,516 | 52,333 | 976 | 187,065 | 52,331 | 905,221 | 40,304 | 945,525 |
| Allotment of consideration shares (note 14 (a)) | 47,400 | - | - | - | - | 47,400 | - | 47,400 |
| Profit for the period | - | - | - | - | 6,700 | 6,700 | 8,681 | 15,381 |
| At 31 March 2007 | 659,916 | 52,333 | 976 | 187,065 | 59,031 | 959,321 | 48,985 | 1,008,306 |
| At 1 October 2007 | 659,916 | 52,333 | 976 | 187,065 | 54,645 | 954,935 | 49,983 | 1,004,918 |
| Allotment of shares (note 14 (b)) | 231,440 | - | - | - | - | 231,440 | - | 231,440 |
| Share issuance costs | (4,216) | - | - | - | - | (4,216) | - | (4,216) |
| Profit/(loss) for the period | - | - | - | - | 51,182 | 51,182 | (353) | 50,829 |
| Partial disposal of a subsidiary | - | - | - | - | - | - | 17,215 | 17,215 |
| Dividend paid to minority shareholders | - | - | - | - | - | - | (6,750) | (6,750) |
| At 31 March 2008 | 887,140 | 52,333 | 976 | 187,065 | 105,827 | 1,233,341 | 60,095 | 1,293,436 |

16. DEFERRED TAXATION

Deferred income 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 2008, the Group had tax losses of approximately HK\$101 million (30 September 2007: HK\$86 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. PARTIAL DISPOSAL OF A SUBSIDIARY

The disposal of 10.2% equity interest in World Fortune by Golden Sun was completed on 29 October 2007. Gain on the partial disposal of a subsidiary of approximately HK\$117 million was recognized for the six months ended 31 March 2008.

18. 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:

| | 31 March 2008 HK\$'000 | 30 September 2007 HK\$'000 |
|---|---------------------------------------|----------------------------------|
| Within one year | 3,011 | 3,757 |
| In the second to fifth years, inclusive | 414 | 1,575 |
| | 3,425 | 5,332 |

19. 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 | |
|--|-----------|---------------------------------------|---|
| | | 2008 HK\$'000 | 2007 HK\$'000 |
| Travel service income received and receivable from | | | |
| – Associates | (i)/(ii) | 792 | 411 |
| – Key management personnel | (ii) | 136 | 346 |
| – Close family members of key management personnel | (ii) | – | 163 |
| | | 928 | 920 |
| Management service income received and receivable from | | | |
| – Associates | (i)/(iii) | 2,112 | 2,436 |
| | | 31 March 2008 HK\$'000 | 30 September 2007 HK\$'000 |
| Receivables from travel service as at the balance sheet date | | | |
| – Associates | | 291 | 159 |
| – Key management personnel | | – | 105 |
| | | 291 | 264 |
| Receivable from management services as at the balance sheet date | | | |
| – Associates | | 1,050 | 283 |

- i) The directors of the Company, Mr. Yeung Hoi Sing, Sonny and Mr. Lee Siu Cheung, were the directors of the associates during the six months periods ended 31 March 2007 and 2008. Mr. Lee Siu Cheung resigned as the director of the Company and its associates on 1 June 2008.
- ii) The travel agent service fee was charged according to prices and conditions similar to those offered to other customers.
- iii) The management fee was charged on actual cost incurred by the Group for providing the services.

20. CONTINGENT LIABILITIES

At the balance sheet date, the Group gave the following undertakings:

- (a) A syndicated loan facility granted to an associate held by a non wholly-owned subsidiary of the Company was HK\$1,600 million (30 September 2007: HK\$1,600 million). The maximum guarantee amount borne by the Company was HK\$860 million (30 September 2007: HK\$860 million). The syndicated loan facility utilised by the associate at the balance sheet date was HK\$1,360 million (30 September 2007: HK\$1,010 million).
- (b) A loan facility of up to HK\$250 million (30 September 2007: HK\$250 million) was granted to a wholly-owned subsidiary of the Company. The maximum guarantee amount borne by the Company was HK\$250 million (30 September 2007: HK\$250 million).

Based on the valuation performed by BMI Appraisals Limited, the directors of the Company considered that the fair values of the financial guarantee contracts for the associate and subsidiary are HK\$63 million and nominal respectively. The carrying amount of the financial guarantee contract recognised in the condensed balance sheet and income statement in accordance with HKSA 39 and HKFRS 4 (Amendments) were approximately HK\$53.6 million (30 September 2007: HK\$63 million) and HK\$9.5 million for the period (for the six months ended 31 March 2007: Nil) respectively.

21. PLEDGED OF ASSETS

- (a) As at 31 March 2008, the Group pledged the time deposits of approximately HK\$0.8 million (30 September 2007: HK\$0.8 million) to certain banks for issuance of several bank guarantees of approximately HK\$0.8 million (30 September 2007: HK\$0.8 million) for operation of the Group.
- (b) As at 31 March 2008, World Fortune pledged all (30 September 2007: 100%) of its shares in Pier 16 – Property Development to a bank, for and on behalf of the syndicate of lenders, in respect of a syndicated loan facility granted to Pier 16 – Property Development.

22. NON-ADJUSTING POST BALANCE SHEET EVENTS

- (a) On 15 April 2008, Favor Jumbo Limited (“Favor Jumbo”), being a wholly-owned subsidiary of the Company, entered into a letter of intent and a confidentiality agreement with an independent third party, SBI Macau Holdings Limited (“SBI Macau”) for the proposed disposal from Favor Jumbo to SBI Macau of not less than 4.55% but not more than 22.73% of the entire issued share capital of Golden Sun so that the effective interest of SBI Macau in Pier 16 – Property Development will not be less than 2% but in any event not be more than approximately 10%.

Pursuant to the confidentiality agreement, a sum of US\$2 million was paid by SBI Macau to Fred Kan & Co., being the escrow agent, as earnest money which will be applied as part of the deposit payable by SBI Macau should the legally binding sale and purchase agreement in relation to the proposed disposal be entered into.

22. NON-ADJUSTING POST BALANCE SHEET EVENTS (Continued)

Pursuant to the letter of intent, Favor Jumbo and SBI Macau agreed to negotiate in good faith with a view to entering into a legally binding sale and purchase agreement in respect of the proposed disposal by no later than 16 June 2008 or such later date as they may agree in writing. As the negotiation between Favor Jumbo and SBI Macau has not yet been finalized before 16 June 2008, both parties agreed to postpone the date for the entering into of the said sale and purchase agreement to no later than 7 July 2008 or such later date as they may agree in writing.

- (b) On 5 May 2008, the Company as purchaser entered into a conditional sale and purchase agreement with Star Spangle Corporation (“Star Spangle”, which is beneficially wholly-owned by Mr. Yeung Hoi Sing, Sonny (“Mr. Yeung”), being an executive director and the Chairman of the Company) as vendor and Mr. Yeung as Star Spangle’s guarantor, for the purchase from Star Spangle of the entire issued share capital of Smart Class Enterprises Limited, which owns 80% effective equity interest in certain companies incorporated in Canada or the United States of America (“US”) conducting the business of air travel consolidator, travel agent, tour provider and provider of related services in Canada and US, at a consideration of CAD2.9 million (equivalent to approximately HK\$22.6 million). The consideration was arrived after arm’s length negotiation between the Company and Star Spangle and will be settled by the allotment and issue of 19.5 million new shares of the Company at an agreed issued price of HK\$1.16 per share. Completion of the said acquisition shall be subject to all the conditions precedent set out in the said agreement being fulfilled or waived (as applicable).

23. POSSIBLE IMPACT OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE PERIOD ENDED 31 MARCH 2008

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

| | |
|-------------------|---|
| HKAS 1 (Revised) | Presentation of Financial Statements ² |
| HKAS 23 (Revised) | Borrowing Costs ² |
| HKAS 27 (Revised) | Consolidated and Separate Financial Statements ¹ |
| HKFRS 3 (Revised) | Business Combinations ¹ |
| HKFRS 8 | Operating Segments ² |
| HK(IFRIC)-Int 12 | Service Concession Arrangements ³ |
| HK(IFRIC)-Int 13 | Customer Loyalty Programmes ⁴ |
| HK(IFRIC)-Int 14 | HKAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction ³ |

¹ Effective for annual periods beginning on or after 1 July 2009

² Effective for annual periods beginning on or after 1 January 2009

³ Effective for annual periods beginning on or after 1 January 2008

⁴ Effective for annual periods beginning on or after 1 July 2008

REPORT ON REVIEW OF INTERIM FINANCIAL REPORT



CCIF

CCIF CPA LIMITED

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

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TO THE BOARD OF DIRECTORS OF MACAU SUCCESS LIMITED

(Incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 4 to 24, which comprises the condensed consolidated balance sheet of Macau Success Limited as at 31 March 2008 and the related condensed consolidated income statement, the condensed consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six-month period then ended, and explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 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 report in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial report 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 another 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 report consists of making inquiries, 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 report is not prepared, in all material respects, in accordance with the Hong Kong Accounting Standard 34 "Interim Financial Reporting".

CCIF CPA Limited

Certified Public Accountants

Hong Kong, 18 June 2008

Delores Teh

Practising Certificate Number P03207

MANAGEMENT DISCUSSION AND ANALYSIS

Results

For the period under review, the Group's turnover was approximately HK\$50.2 million, representing a decrease of approximately 5% as compared to the last corresponding period (2007: approximately HK\$52.8 million). Gross profit was approximately HK\$47.8 million (2007: approximately HK\$47.8 million). Profit attributable to equity shareholders of the Company increased significantly to approximately HK\$51.2 million (2007: approximately HK\$6.7 million). As a result, earnings per share for the period also increased substantially to HK2.14 cents (2007: HK0.31 cents).

The reduction in the Group's consolidated turnover is attributable to the lower turnover of the travel business. The cruise business generated steady revenue but its performance deteriorated due to the increase in fuel oil price and operating costs. The travel business, despite recording a lower turnover figure, achieved better financial performance after effective cost control measures were implemented.

The Group's profitability increased year-on-year due to a gain on disposal of approximately 5% effective interest in Ponte 16, the Group's world-class integrated casino-resort project, which amounted to approximately HK\$117 million. However, some of the gain brought by the stake disposal was absorbed by the loss from the associates related to Ponte 16 shared by the Company. Casino business of Ponte 16 commenced operation in February 2008 while the hotel as well as the food and beverage facilities were still awaiting licence approval. As the business was still in its initial stage of operation and higher operating costs including staff cost, training cost as well as marketing and promotion expenses were incurred during the period under review, share of loss of the associates increased from approximately HK\$0.6 million for the corresponding period of last year to approximately HK\$64.3 million for this period.

Interim Dividend

The directors of the Company (the "Director(s)") do not recommend the declaration of any interim dividend for the six months ended 31 March 2008 (2007: Nil).

Review of Operations

Cruise Business

During the period under review, leasing and management of the Group's cruise ship, M.V. Macau Success (in which the Group has 55% interest) continued to be the major contributor to the Group's revenue and a stable source of income. Turnover from the cruise business was approximately HK\$48.0 million (2007: approximately HK\$47.9 million), accounting for approximately 95.6% of the Group's total turnover. In 2007, it accounted for approximately 90.6% of the Group's total turnover. Segment profit from this business decreased by 31.3% to approximately HK\$13.5 million compared with approximately HK\$19.6 million in the corresponding period of 2007. This reduction in profitability was mainly driven by increasing fuel cost and operating costs.

Travel Business

During the period under review, turnover from the travel business was approximately HK\$2.2 million, representing a decrease of approximately 55.5% from the corresponding figure of 2007. The travel business accounted for approximately 4.4% of the Group's total turnover (2007: approximately 9.4% of the Group's total turnover). Segment loss from this business narrowed by 11.6% to HK\$0.3 million, compared with a loss of approximately HK\$0.4 million in 2007.

It is the Group's strategy to develop the travel business into a unique platform, providing professional travel services to high-end customers while enhancing the business of Ponte 16.

Investment Project – Ponte 16

Ponte 16, the Group's flagship project, is a world-class integrated casino-entertainment resort comprising a five-star luxury hotel – Sofitel Macau at Ponte 16, a casino, a shopping arcade, and food and beverage facilities. Featuring a unique European theme, the development is located at Pier 16, which has been in operation since the beginning of the last century and is now a famous historic landmark. A two-minute ferry connection between Ponte 16 and Zhuhai provides a convenient access for tourists.

Investment Project – Ponte 16 (Continued)

Casino of Ponte 16 started operation on 1 February 2008 with a grand opening ceremony and management is delighted by its performance in the initial stage of operation. The highest number of visitors recorded in one single day amounted to 30,000 during the Chinese New Year period. The average number of visitors per day during the first two months since its opening exceeded 10,000. Average daily mass drop during these two months was HK\$14 million. However, there was a delay in the opening schedule of Sofitel Macau at Ponte 16 as the licence from the Government of the Macau Special Administrative Region of the People's Republic of China ("Macau") was yet to be obtained. The delay in the hotel opening imposed some uncertainty on the overall financial performance of the project, but the effect is expected to be temporary and should not overcast the Group's outlook in the long run.

Financial Review

Pledge of Assets

As at 31 March 2008, the Group pledged the time deposits of approximately HK\$0.8 million (30 September 2007: HK\$0.8 million) to certain banks for issuance of several bank guarantees of approximately HK\$0.8 million (30 September 2007: HK\$0.8 million) for operation of the Group.

As at 31 March 2008, World Fortune Limited ("World Fortune"), a non wholly-owned subsidiary of the Company, pledged all (30 September 2007: 100%) of its shares in Pier 16 – Property Development Limited ("Pier 16 – Property Development"), an associate of the Company, to a bank, for and on behalf of a syndicate of lenders, in respect of a syndicated loan facility granted to Pier 16 – Property Development.

Contingent Liabilities

As at 31 March 2008, the Group gave the following undertakings:

1. A syndicated loan facility granted to an associate held by a non wholly-owned subsidiary of the Company was HK1,600 million (30 September 2007: HK\$1,600 million). The maximum guarantee amount borne by the Company was HK\$860 million (30 September 2007: HK\$860 million). The syndicated loan facility utilized by the associates as at 31 March 2008 was HK\$1,360 million (30 September 2007: HK\$1,010 million).
2. A loan facility of up to HK\$250 million (30 September 2007: HK\$250 million) was granted to a wholly-owned subsidiary of the Company. The maximum guarantee amount borne by the Company was HK\$250 million (30 September 2007: HK\$250 million).

Liquidity, Financial Resources and Gearing

As at 31 March 2008, the Group had net current assets of approximately HK\$175.7 million (30 September 2007: approximately HK\$113.8 million) and had net assets of approximately HK\$1,317.6 million (30 September 2007: approximately HK\$1,026.9 million).

As at 31 March 2008, the Group did not have any interest-bearing borrowings and financial lease obligations (30 September 2007: Nil).

As at 31 March 2008, there were loans from minority shareholders of approximately HK\$107.3 million (30 September 2007: Nil). The loans are non interest-bearing, unsecured and will not be repaid within the next twelve months.

The Group did not have any bank loan as at 31 March 2008 (30 September 2007: Nil).

Equity attributable to equity shareholders of the Company as at 31 March 2008 was approximately HK\$1,257.5 million (30 September 2007: approximately HK\$976.9 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 zero for this period and the last corresponding period.

Partnership with Maruhan

In October 2007, the Company through its wholly-owned subsidiary disposed to Maruhan Corporation ("Maruhan") of 10.2% of the entire issued share capital of, and related shareholder's loan to, World Fortune for a consideration of approximately HK\$208.5 million. World Fortune owns 49% equity interest in Pier 16 – Property Development.

The Company and Maruhan also entered into a subscription agreement in October 2007, pursuant to which Maruhan has subscribed for and the Company has allotted and issued 220 million new shares of the Company at a subscription price of HK\$1.062 each. Besides, Maruhan also acquired 220 million shares of the Company from the market in October 2007.

Consequently, Maruhan held approximately 18.2% interest in the Company and through its equity interest in the Company and World Fortune, Maruhan currently has an effective interest of about 13% in Pier 16 – Property Development.

Human Resources

As at 31 March 2008, the Group had over 300 employees. Remuneration is determined on the basis of qualification, 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

Management is positive about the Group's future and is actively seeking new opportunities to accelerate the Group's growth and improve its profitability.

The travel business of the Group is expected to be strengthened and expanded with the addition of the network of the Jade Travel Group (as defined below) in North America and Canada. These cross-selling business opportunities between travel business and Ponte 16 will enhance the business of Ponte 16. In the long run, this unique travel platform will definitely benefit the Group's expansion in gaming and entertainment-related business in the Asia-Pacific region.

Management anticipates the operating environment of the cruise business is still tough and further challenges are lying ahead taking into account of surging fuel price and there is no sign of price stability in the near future. The operation of this business segment is being closely monitored and reviewed.

Ponte 16 is the most significant project realized by the Group in recent years. Having reviewed the operating statistics of the casino of Ponte 16 in its initial stage of operation, management is confident of the prospects for the whole project. Before the granting of a licence for the hotel operation by the Government of Macau, the Company has cooperated with Sofitel Macau at Ponte 16 to implement a series of marketing programmes for the purpose of drawing tourists and business travellers to Sofitel Macau at Ponte 16. The overwhelming enquiries for hotel room bookings received so far have confirmed management's confidence. The hotel and restaurant facilities will definitely help boost the business of the casino.

Prospects (Continued)

The bright future of Ponte 16 is set against the backdrop of a booming Macau economy. Management has great confidence in the future growth in the economy and tourist industry of Macau as well as the opportunities provided to the Group. According to the Government of Macau, the number of tourists who visited Macau in the first quarter of 2008 reached approximately 7.5 million, an increase of 17.9% over the corresponding period in 2007. As 58.4% of the tourists are from Mainland China, the strong economic development in Mainland China should further enhance Macau's economy. In the first quarter of 2008, gaming revenue in Macau surged to MOP29.8 billion, representing an increase of 62% over the same period of the last year.

Management expects to commence operation of the hotel and restaurants in the near future, probably in the third quarter of calendar year 2008 while Phase Two of Ponte 16 commercial complex, the shopping arcade, will be completed in 2009.

Other than the Ponte 16 project, there have been a number of important strategic moves made by the Group which can benefit the future development of the Group.

Introduction of Maruhan as a Strategic Investor

With reference to the section headed "Partnership with Maruhan", Maruhan has become a strategic investor of the Group. Maruhan, being a leading company in the pachinko industry in Japan with more than 1 million memberships and extensive experience in the entertainment industry as well as business network in Japan, is expected to bring Japanese and Korean customers to Ponte 16. The Group and Maruhan also anticipate to cooperate in developing the gaming industry in Japan, pending a grant of gaming licences. This partnership should accelerate the Group's future growth in the gaming and entertainment-related businesses in the Asia-Pacific region.

Letter of Intent with SBI Macau

On 15 April 2008, Favor Jumbo Limited ("Favor Jumbo"), a wholly-owned subsidiary of the Company, entered into a letter of intent (the "LOI") with SBI Macau Holdings Limited ("SBI Macau"), a wholly-owned subsidiary of SBI Holdings, Inc. ("SBI Holdings"), in relation to the proposed disposal by Favor Jumbo to SBI Macau of certain equity interest in Golden Sun Profits Limited which indirectly owns approximately 44% of the entire issued share capital of Pier 16 – Property Development (the "Proposed Disposal"). Pursuant to the LOI, Favor Jumbo and SBI Macau agreed to negotiate in good faith with a view to entering into a legally binding sale and purchase agreement in respect of the Proposed Disposal (the "S&P Agreement") by no later than 16 June 2008 or such later date as they may agree in writing. As the negotiation between Favor Jumbo and SBI Macau has not yet been finalized before 16 June 2008, both parties agreed to postpone the date for the entering into of the S&P Agreement to no later than 7 July 2008 or such later date as they may agree in writing.

Letter of Intent with SBI Macau (Continued)

The Group is taking the initiative to develop a strategic partnership with this reputable Japanese finance group. SBI Holdings and its subsidiaries are engaged in asset management, brokerage and investment banking, housing and real estate businesses and the provision of other financial services. The partnership with SBI Holdings should lift the Group's financial position and further strengthen the Group's network in Japan.

Proposed Acquisition of the Jade Travel Group

On 5 May 2008, the Company signed a conditional sale and purchase agreement to acquire the entire issued share capital of Smart Class Enterprises Limited ("Smart Class") for CAD2.90 million (equivalent to approximately HK\$22.62 million) (the "Acquisition"), which will be settled by the allotment and issue of 19.5 million new shares of the Company at an agreed issue price of HK\$1.16 per share. The principal asset of Smart Class is its 80% equity interest in certain companies in Canada and the United States of America ("US") which conduct the business of air travel consolidator, travel agent, tour provider and provider of related services in Canada and US (the "Jade Travel Group"). Upon completion of the Acquisition, the Company will indirectly hold 80% equity interest in the Jade Travel Group.

The Acquisition will strengthen the Company's international network in the travel business. The Jade Travel Group is a major air travel consolidator offering travellers competitive fares to Asia and other parts of the world. With an extensive office network in Vancouver, Calgary, Toronto, Montreal and New York, the Jade Travel Group offers complex travel plans and tailor-made tour packages to customers. The Acquisition will enhance the Group's travel business with economies of scale and better operational efficiency among its core businesses, including Ponte 16. The new platform can also facilitate cross-selling between the integrated casino-entertainment resort and the tour packages.

Conclusion

On top of its solid core businesses, the Group is striving hard to explore new opportunities that will create synergies, broaden the revenue base and enhance its profitability. Steering to the goal of becoming one of the leading gaming and entertainment-related companies in the Asia-Pacific region, management is making strides to create more value for its shareholders.

DISCLOSURE OF INTERESTS

Directors' and Chief Executive's Interests in Securities

As at 31 March 2008, 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 ("Shares")

| Name | 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 | 987,841,432 | 40.83 |

Note: Mr. Yeung Hoi Sing, Sonny, an executive Director and the Chairman of the Company, is deemed to have corporate interest in 987,841,432 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 31 March 2008, 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 the balance sheet date.

At no time during the period was the Company or any of its subsidiaries a party to any arrangement 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 31 March 2008, 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 | Long position/ Short position | Capacity | Number of Shares held | Approximate percentage of shareholding % |
|---|----------------------------------|--|--------------------------|---|
| Silver Rich Macau Development Limited | Long position | Beneficial owner | 987,841,432 | 40.83 |
| Trustcorp Limited (Note 1) | Long position | Trustee | 987,841,432 | 40.83 |
| Newcorp Ltd. (Note 1) | Long position | Interest of controlled corporation | 987,841,432 | 40.83 |
| Newcorp Holdings Ltd. (Note 1) | Long position | Interest of controlled corporation | 987,841,432 | 40.83 |
| Mr. David Henry Christopher Hill (Note 1) | Long position | Interest of controlled corporation | 987,841,432 | 40.83 |
| Mr. David William Roberts (Note 1) | Long position | Interest of controlled corporation | 987,841,432 | 40.83 |
| Mrs. Rebecca Ann Hill (Note 2) | Long position | Interest of spouse | 987,841,432 | 40.83 |
| Ms. Liu Siu Lam, Marian (Note 3) | Long position | Interest of spouse | 987,841,432 | 40.83 |
| Maruhan Corporation | Long position | Beneficial owner | 440,000,000 | 18.19 |

Interest in the Shares (Continued)

Notes:

1. 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., which is in turn wholly-owned by Newcorp Holdings Ltd., Newcorp Holdings Ltd. is owned as to 35% by each of Mr. David Henry Christopher Hill and Mr. David William Roberts. Accordingly, each of Trustcorp Limited, Newcorp Ltd., Newcorp Holdings Ltd., Mr. David Henry Christopher Hill and Mr. David William Roberts was deemed to be interested in 987,841,432 Shares held by Silver Rich Macau Development Limited.
2. Mrs. Rebecca Ann Hill, being the spouse of Mr. David Henry Christopher Hill, was deemed to be interested in 987,841,432 Shares in which Mr. David Henry Christopher Hill had a deemed interest.
3. Ms. Liu Siu Lam, Marian, being the spouse of Mr. Yeung Hoi Sing, Sonny, was deemed to be interested in 987,841,432 Shares in which Mr. Yeung Hoi Sing, Sonny had a deemed interest.

Save as disclosed above, as at 31 March 2008, 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.

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

During the six months ended 31 March 2008, 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 31 March 2008.

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.

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 31 March 2008 have been reviewed by the Audit Committee and 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, 18 June 2008