



MACAU SUCCESS LIMITED  
澳門實德有限公司\*

*(Incorporated in Bermuda with limited liability)*

Stock Code: 00487

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Second Interim Report **2008**

(1 October 2007 to 30 September 2008)



*Success Starts with Dreams*

\* For identification purpose only

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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. Wong Chi Keung, Alvin

### 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

Iu, 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 Fulcrum Group (Bermuda) Limited  
(formerly known as 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](http://www.macausuccess.com)



## OPERATIONAL HIGHLIGHTS

### Unaudited second interim results for the twelve months ended 30 September 2008

- The total turnover increased tremendously to approximately HK\$328.2 million
- Turnover of the cruise business remained stable, with a segment profit of approximately HK\$18.7 million
- Turnover of the travel business surged to approximately HK\$232.2 million due to the acquisition of the Jade Travel Group, with a segment loss of approximately HK\$0.2 million
- Project Ponte 16 incurred a loss attributable to the Company of approximately HK\$124.0 million
- Loss attributable to equity shareholders of the Company amounted to approximately HK\$34.2 million
- Casino of Ponte 16 and Sofitel Macau At Ponte 16 commenced operation in February and August 2008 respectively

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 twelve months ended 30 September 2008 together with the comparative figures for the corresponding period in 2007. This second interim report is prepared due to the change of the financial year end date of the Company from 30 September to 31 December, which enabled the Group as well as the associates of the Company relating to the Group's flagship investment project, Ponte 16, to have a coterminous year end date.

## CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE TWELVE MONTHS ENDED 30 SEPTEMBER 2008

		<b>For the twelve months ended</b>	
		<b>30 September</b>	
	<i>Note</i>	<b>2008</b>	2007
		<b>HK\$'000</b>	HK\$'000
		<b>(Unaudited)</b>	(Audited)
<b>TURNOVER</b>	3	<b>328,206</b>	103,754
Cost of sales		<b>(225,100)</b>	(8,069)
Gross profit		<b>103,106</b>	95,685
Other revenue		<b>10,458</b>	30,693
Gain on partial disposal of a subsidiary	22	<b>116,992</b>	–
Change in fair value of derivative financial instruments	14	<b>(389)</b>	–
Administrative expenses		<b>(138,457)</b>	(92,309)
<b>PROFIT FROM OPERATIONS</b>	4	<b>91,710</b>	34,069
Finance costs		<b>(552)</b>	(1,675)
Share of results of associates		<b>(123,990)</b>	(15,450)
<b>(LOSS)/PROFIT BEFORE TAXATION</b>		<b>(32,832)</b>	16,944
Income tax	5	<b>(1,172)</b>	(672)
<b>(LOSS)/PROFIT FOR THE PERIOD</b>		<b>(34,004)</b>	16,272
<b>ATTRIBUTABLE TO:</b>			
Equity shareholders of the Company		<b>(34,159)</b>	2,314
Minority interests		<b>155</b>	13,958
<b>(LOSS)/PROFIT FOR THE PERIOD</b>		<b>(34,004)</b>	16,272
<b>(LOSS)/EARNINGS PER SHARE</b>			
– Basic	6	<b>(HK\$1.42 cents)</b>	HK\$0.11 cents
– Diluted		<b>N/A</b>	N/A

## CONDENSED CONSOLIDATED BALANCE SHEET

AT 30 SEPTEMBER 2008

		At 30 September 2008 HK\$'000 (Unaudited)	At 30 September 2007 HK\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	89,710	87,945
Goodwill	9	8,332	1,313
Intangible assets	10	41,553	–
Interest in associates	11	1,101,539	886,930
Deferred tax assets	21	848	–
		<b>1,241,982</b>	976,188
<b>CURRENT ASSETS</b>			
Inventories		1,251	1,323
Trade and other receivables	12	129,872	18,398
Tax recoverable		1,301	–
Pledged bank deposits		7,712	751
Cash and bank balances		161,283	200,719
		<b>301,419</b>	221,191
<b>CURRENT LIABILITIES</b>			
Bank overdrafts		257	–
Trade and other payables	13	49,301	106,422
Tax payable		1,352	961
Derivative financial instruments	14	1,077	–
Profit guarantee liabilities	17	10,617	–
		<b>62,604</b>	107,383
<b>NET CURRENT ASSETS</b>		<b>238,815</b>	113,808

		At 30 September 2008 HK\$'000 (Unaudited)	At 30 September 2007 HK\$'000 (Audited)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,480,797</b>	1,089,996
<b>NON-CURRENT LIABILITIES</b>			
	15	<b>169,339</b>	–
	16	<b>20,158</b>	–
	21	<b>83</b>	83
	27	<b>47,250</b>	63,000
	17	<b>34,883</b>	–
	18	<b>44,513</b>	–
		<b>316,226</b>	63,083
<b>NET ASSETS</b>		<b>1,164,571</b>	1,026,913
<b>CAPITAL AND RESERVES</b>			
	19	<b>24,390</b>	21,995
	20	<b>1,084,428</b>	954,935
<b>EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY</b>		<b>1,108,818</b>	976,930
	20	<b>55,753</b>	49,983
<b>TOTAL EQUITY</b>		<b>1,164,571</b>	1,026,913

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE TWELVE MONTHS ENDED 30 SEPTEMBER 2008

	Attributable to equity shareholders of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Distributable reserve HK\$'000	Capital redemption reserve HK\$'000	Property revaluation reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total equity 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 19)	600	47,400	-	-	-	-	-	48,000	-	48,000
Profit for the year	-	-	-	-	-	-	2,314	2,314	13,958	16,272
Interim dividend declared during the year	-	-	-	-	-	-	-	-	(4,279)	(4,279)
At 30 September 2007 (Audited)	<u>21,995</u>	<u>659,916</u>	<u>52,333</u>	<u>976</u>	<u>187,065</u>	<u>-</u>	<u>54,645</u>	<u>976,930</u>	<u>49,983</u>	<u>1,026,913</u>
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 19)	2,200	231,440	-	-	-	-	-	233,640	-	233,640
Allotment of consideration shares (note 19)	195	21,645	-	-	-	-	-	21,840	-	21,840
Share issuance costs	-	(4,216)	-	-	-	-	-	(4,216)	-	(4,216)
Exchange adjustment	-	-	-	-	-	(82)	-	(82)	-	(82)
Share of associates' net loss recognised directly in equity	-	-	-	-	(85,135)	-	-	(85,135)	(9,670)	(94,805)
Partial disposal of a subsidiary	-	-	-	-	-	-	-	-	17,215	17,215
Acquisition of interests in subsidiaries	-	-	-	-	-	-	-	-	4,820	4,820
(Loss)/profit for the period	-	-	-	-	-	-	(34,159)	(34,159)	155	(34,004)
Dividend paid to minority shareholders	-	-	-	-	-	-	-	-	(6,750)	(6,750)
At 30 September 2008 (Unaudited)	<u>24,390</u>	<u>908,785</u>	<u>52,333</u>	<u>976</u>	<u>101,930</u>	<u>(82)</u>	<u>20,486</u>	<u>1,108,818</u>	<u>55,753</u>	<u>1,164,571</u>



## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE TWELVE MONTHS ENDED 30 SEPTEMBER 2008

	For the twelve months ended 30 September	
	2008	2007
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Net cash (used in)/generated from operating activities	<b>(34,957)</b>	112,244
Net cash used in investing activities	<b>(233,608)</b>	(369,391)
Net cash generated from/(used in) financing activities	<b>228,872</b>	(11,010)
Net decrease in cash and cash equivalents	<b>(39,693)</b>	(268,157)
Cash and cash equivalents at beginning of the period	<b>200,719</b>	468,876
Cash and cash equivalents at end of the period	<b>161,026</b>	200,719
Analysis of balances of cash and cash equivalents		
Cash and bank balances	<b>161,026</b>	200,719

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE TWELVE MONTHS ENDED 30 SEPTEMBER 2008

## 1. BASIS OF PREPARATION

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

On 31 October 2008, the Board passed an ordinary resolution to change the financial year end date of the Company. The reason for the change is to enable the Company, its subsidiaries and associates to have a coterminous year end date, thereby facilitating the preparation of the Group’s consolidated financial statements and saving audit costs accordingly.

As a result, the current financial period covers a 15-month period from 1 October 2007 to 31 December 2008. Accordingly, the Company prepared the second unaudited consolidated financial statements of the Group for a 12-month period from 1 October 2007 to 30 September 2008.

## 2. CHANGES IN ACCOUNTING POLICIES

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 (Amendments)	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
HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

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 and revised interpretation that is not yet effective for the current accounting period (see note 30).

## 2. CHANGES IN ACCOUNTING POLICIES (Continued)

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.

## 3. TURNOVER AND SEGMENT INFORMATION

The Group's turnover and results for the twelve months ended 30 September 2008 analysed by business segments and geographical segments are as follows:

### a) Business segments

	Cruise leasing and management		Travel		Consolidated	
	2008	2007	2008	2007	2008	2007
	HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)
<b>Revenue</b>						
Turnover	96,000	95,901	232,206	7,853	328,206	103,754
Other revenue	214	184	1,327	72	1,541	256
Total revenue	<u>96,214</u>	<u>96,085</u>	<u>233,533</u>	<u>7,925</u>	<u>329,747</u>	<u>104,010</u>
<b>Results</b>						
Segment results	<u>18,720</u>	<u>32,035</u>	<u>(211)</u>	<u>(513)</u>	<u>18,509</u>	<u>31,522</u>
Interest income					4,619	10,048
Gain on partial disposal of a subsidiary					116,992	-
Gain of disposal of securities					-	4,391
Gain on disposal of available for sale investment					-	10,330
Other income					4,298	5,668
Unallocated operating expenses					<u>(52,708)</u>	<u>(27,890)</u>
Profit from operations					91,710	34,069
Finance costs					(552)	(1,675)
Share of results of associates					<u>(123,990)</u>	<u>(15,450)</u>
(Loss)/profit before taxation					<u>(32,832)</u>	<u>16,944</u>
Income tax					<u>(1,172)</u>	<u>(672)</u>
(Loss)/profit for the period					<u><u>(34,004)</u></u>	<u><u>16,272</u></u>

### 3. TURNOVER AND SEGMENT INFORMATION (Continued)

#### b) Geographical segments

	For the twelve months ended 30 September			
	Turnover		Segment results	
	2008	2007	2008	2007
	HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Hong Kong	4,309	7,853	(455)	(471)
South China Sea, other than in Hong Kong	96,000	95,901	18,720	32,035
North America	227,897	–	282	–
Macau	–	–	(38)	(42)
	<b>328,206</b>	103,754	<b>18,509</b>	31,522

### 4. PROFIT FROM OPERATIONS

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

	For the twelve months ended 30 September	
	2008	2007
	HK\$'000 (Unaudited)	HK\$'000 (Audited)
<b>Crediting:</b>		
Gain on disposal of property, plant and equipment	(275)	–
Gain on partial disposal of a subsidiary (note 22)	(116,992)	–
Gain on disposal of securities	–	(4,391)
Gain on disposal of available-for-sale investment	–	(10,330)
Dividend from available-for-sale investment	–	(1,133)
Interest income	(4,699)	(10,197)
<b>Charging:</b>		
Auditors' remuneration	1,665	947
Change in fair value of derivative financial instruments (note 14)	389	–
Depreciation	10,343	8,710
Operating lease rentals		
– land and buildings	4,123	4,398
– plant and machinery	142	40
Staff costs (including contribution of retirement scheme of HK\$775,000 (2007: HK\$629,000))	47,028	36,023

## 5. INCOME TAX IN THE INCOME STATEMENT

	For the twelve months ended 30 September 2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Audited)
Current tax		
– Hong Kong	1,172	804
Deferred taxation	–	(132)
Tax expenses	<u>1,172</u>	<u>672</u>

The provision for Hong Kong profits tax is calculated at 16.5% (for the twelve months ended 30 September 2007: 17.5%) of the assessable profits arising in Hong Kong for the period. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

## 6. (LOSS)/EARNINGS PER SHARE

### a) Basic (Loss)/Earnings per share

The calculation of the basic (loss)/earnings per share is based on the (loss)/profit for the period attributable to the equity shareholders of the Company of approximately HK\$34,159,000 (for the twelve months ended 30 September 2007: HK\$2,314,000) and on weighted average number of 2,407,655,000 ordinary shares (for the twelve months ended 30 September 2007: 2,174,642,000 ordinary shares) in issue during the both periods.

### Weighted average number of ordinary shares

	'000
Issued ordinary shares at 1 October 2006	2,139,464
Effect of allotment of consideration shares	<u>35,178</u>
Weighted average number of ordinary shares at 30 September 2007	<u>2,174,642</u>
Issued ordinary shares at 1 October 2007	2,199,464
Effect of allotment of subscription shares	204,932
Effect of allotment of consideration shares	<u>3,259</u>
Weighted average number of ordinary shares at 30 September 2008	<u>2,407,655</u>

## 6. (LOSS)/EARNINGS PER SHARE (Continued)

### b) Diluted (loss)/earnings per share

There was no dilution effect on the basic (loss)/earnings per share for the twelve months ended 30 September 2008 and 30 September 2007 respectively as there were no dilutive instruments outstanding during both periods.

## 7. DIVIDENDS

The directors of the Company do not recommend the declaration of any interim dividend for the period (for the twelve months ended 30 September 2007: Nil).

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

## 8. PROPERTY, PLANT AND EQUIPMENT

	HK\$'000
Net book value as at 1 October 2007	87,945
Currency realignment	(151)
Acquisition of subsidiaries	7,131
Additions	6,241
Disposals	(1,113)
Depreciation	(10,343)
	<hr/>
Net book value as at 30 September 2008 (Unaudited)	<u>89,710</u>

## 9. GOODWILL

	<b>Cruise management service</b>	<b>Travel</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000
At 1 October 2007	1,135	178	1,313
Acquisition of subsidiaries (note 23)	–	7,019	7,019
	<hr/>	<hr/>	<hr/>
At 30 September 2008 (Unaudited)	<u>1,135</u>	<u>7,197</u>	<u>8,332</u>

## 10. INTANGIBLE ASSETS

	Trademark HK\$'000	Client list HK\$'000	Total HK\$'000 (Unaudited)
<b>Cost</b>			
Acquisition of subsidiaries	33,044	9,238	42,282
Currency realignment	(626)	–	(626)
At 30 September 2008	32,418	9,238	41,656
<b>Accumulated amortisation</b>			
Charge for the period	–	103	103
At 30 September 2008	–	103	103
<b>Carrying amount</b>			
At 30 September 2008	32,418	9,135	41,553

The trademark is assessed as having indefinite useful lives.

The recoverable amount of the trademark has been assessed based on income based approach calculation performed by an independent professional valuer, Norton Appraisals Limited.

The client list is assessed as having 15 years useful lives. The recoverable amount of the client list has been assessed based on contributory charge method performed by an independent professional valuer, Norton Appraisals Limited.

## 11. INTEREST IN ASSOCIATES

(a)

	At 30 September 2008 HK\$'000 (Unaudited)	At 30 September 2007 HK\$'000 (Audited)
Share of net assets	206,949	425,696
Goodwill (d)	19,409	19,409
	226,358	445,105
Amounts due from associates	827,931	378,825
Financial guarantee contract (note 27)	47,250	63,000
	1,101,539	886,930

## 11. INTEREST IN ASSOCIATES (Continued)

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

Particulars of the principal associates as at 30 September 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 (also operated in Hong Kong)	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 then wholly-owned subsidiary of the Company, as vendor and the Company as Golden Sun's guarantor entered into a sale and purchase agreement with Maruhan Corporation ("Maruhan"), a then independent third party, as purchaser for the disposal of 10.2% interest in the entire issued share capital of, and 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 relating to Ponte 16 decreased from 49% to approximately 44%.



## 11. INTEREST IN ASSOCIATES (Continued)

(c) (Continued)

On 7 July 2008, Favor Jumbo Limited ("Favor Jumbo"), a wholly-owned subsidiary of the Company, as vendor and the Company as Favor Jumbo's guarantor entered into a sale and purchase agreement with SBI Macau Holdings Limited ("SBI Macau"), an independent third party, as purchaser for the disposal and assignment of 4.55% interest in the entire issued share capital of, and related shareholder's loan to, Golden Sun, a then wholly-owned subsidiary of the Company, respectively. However, according to HKAS 39, this transaction together with the option granted to SBI Macau (see note 14), does not constitute a disposal and the Company shall continue to recognise the 4.55% equity interest in Golden Sun after completion of this transaction.

(d) Goodwill

	<b>2008</b> <b>HK\$'000</b> <b>(Unaudited)</b>	2007 HK\$'000 (Audited)
At 1 October	<b>19,409</b>	4,581
Further acquisition of 12.25% interest in Pier 16 – Property Development Limited	–	14,828
At 30 September	<b>19,409</b>	19,409

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.

## 11. INTEREST IN ASSOCIATES (Continued)

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

	<b>At 30 September 2008 HK\$'000 (Unaudited)</b>	<b>At 30 September 2007 HK\$'000 (Audited)</b>
Assets	<b>3,679,103</b>	2,748,553
Liabilities	<b>3,256,760</b>	1,879,786
Equity	<b>422,343</b>	868,767
Revenues	<b>139,929</b>	–
Loss	<b>(253,041)</b>	(33,428)

## 12. TRADE AND OTHER RECEIVABLES

	<b>At 30 September 2008 HK\$'000 (Unaudited)</b>	<b>At 30 September 2007 HK\$'000 (Audited)</b>
Trade receivables	<b>15,720</b>	996
Deposits, prepayment and other receivables	<b>114,152</b>	17,402
	<b>129,872</b>	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.

## 12. TRADE AND OTHER RECEIVABLES (Continued)

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

	<b>At 30 September 2008 HK\$'000 (Unaudited)</b>	<b>At 30 September 2007 HK\$'000 (Audited)</b>
Current to 30 days	10,954	727
31 to 60 days	2,352	165
61 to 90 days	620	–
Over 90 days	1,794	104
	<b>15,720</b>	<b>996</b>

The Group normally allows a credit period of 30 days to customers of cruise leasing and management (for the twelve months ended 30 September 2007: 30 days) and 30 days to customers of traveling business (for the twelve months ended 30 September 2007: 30 days).

## 13. TRADE AND OTHER PAYABLES

	<b>At 30 September 2008 HK\$'000 (Unaudited)</b>	<b>At 30 September 2007 HK\$'000 (Audited)</b>
Trade payables	17,772	163
Accrued charges and other payables	31,529	106,259
	<b>49,301</b>	<b>106,422</b>

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

### 13. TRADE AND OTHER PAYABLES (Continued)

At 30 September 2007, 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.

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

	<b>At 30 September 2008 HK\$'000 (Unaudited)</b>	<b>At 30 September 2007 HK\$'000 (Audited)</b>
Current to 30 days	5,430	149
31 to 60 days	4,384	1
61 to 90 days	2,175	–
Over 90 days	5,783	13
	<b>17,772</b>	<b>163</b>

#### 14. DERIVATIVE FINANCIAL INSTRUMENTS

	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Grant of put options, at fair value	<b>688</b>	–
Loss from change in fair value during the period	<b>389</b>	–
At 30 September	<b>1,077</b>	–

- 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 related shareholder's loan to, World Fortune. Pursuant to the terms of the shareholders' agreement, Golden Sun, in consideration of HK\$1 paid by Maruhan, 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 shareholders' agreement and ending on the day falling six months thereafter subject to conditions.

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 recognised as derivative financial liability in the balance sheet based on the valuation performed by Norton Appraisals Limited.

- b) On 7 July 2008, Favor Jumbo, a wholly-owned subsidiary of the Company, as vendor, SBI Macau, an independent third party, as purchaser and the Company as Favor Jumbo's guarantor entered into a sale and purchase agreement (the "S&P Agreement"), pursuant to which Favor Jumbo conditionally agreed to sell and assign, and SBI Macau conditionally agreed to purchase the sale shares (being 4.55% of the entire issued share capital of Golden Sun legally and beneficially owned by Favor Jumbo) and to accept the assignment of all rights, title, interests and benefits of and in the sale loan (being 4.55% of the entire amount of the interest-free shareholder's loan owing by Golden Sun to Favor Jumbo upon completion of this transaction). For further details, please refer to note 18.

#### 14. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

b) (Continued)

On 8 August 2008, being the completion date of the said transaction, Favor Jumbo, the Company, SBI Macau, SBI Holdings, Inc. (SBI Macau's holding company) and Golden Sun also entered into a shareholders' agreement (the "Shareholders' Agreement"). Pursuant to the terms of the Shareholders' Agreement, Favor Jumbo, in consideration of HK\$1 paid by SBI Macau, granted to SBI Macau the right to require Favor Jumbo to purchase or procure the purchase of the entire equity interest in Golden Sun and the entire amount of the shareholder's loan owing by Golden Sun to SBI Macau as at completion of the option at the option purchase price. The option can be exercised at any time on any business day during the period commencing from the fifth anniversary of the entering into of the Shareholders' Agreement and ending on the day falling two months thereafter.

The option purchase price is the sum of HK\$99,465.77 per ordinary share in the share capital of Golden Sun held by SBI Macau as at completion of the option plus the face value of the entire amount of the shareholder's loan owing by Golden Sun to SBI Macau as at completion of the option, and the reserve.

The option was initially recognised as derivative financial liability in the balance sheet at fair value based on the valuation performed by Norton Appraisals Limited. The option is remeasured at fair value as estimated by the valuer using the Black-Scholes-Merton Option Pricing Model.

#### 15. LOANS PAYABLES

		At 30 September 2008 HK\$'000 (Unaudited)	At 30 September 2007 HK\$'000 (Audited)
Loans from minority shareholders	(i)	129,853	–
Other loan payable	(ii)	39,486	–
		<b>169,339</b>	<b>–</b>

## 15. LOANS PAYABLES (Continued)

- (i) On 1 October 2007, Golden Sun as vendor and the Company as Golden Sun'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 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 in 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\$53.3 million. The loan is interest-free and unsecured.

During the period, Mrs. Yung Yuen Ping Kwok, a shareholder of 665127 British Columbia Ltd. which is a 80% owned subsidiary of the Company, advanced approximately HK\$2.6 million. The loan is interest-free and unsecured.

During the period, SABC Holdings Ltd., a shareholder of 665127 British Columbia Ltd. which is a 80% owned subsidiary of the Company, advanced approximately HK\$7.5 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 the fair value.

- (ii) Other loan payable of HK\$39.5 million represented the sale loan portion under the S&P Agreement dated 7 July 2008. The loan is unsecured, interest-free and will not be repaid within the next twelve months. (Also see note 18)

## 16. DUE TO A RELATED COMPANY

The amount due to a related company, which is an investment holding company beneficially wholly-owned by Mr. Yeung Hoi Sing, Sonny, a director and a controlling shareholder of the Company, is unsecured and charged with interest at the rate of 4% per annum and have no fixed terms of repayment.

## 17. PROFIT GUARANTEE LIABILITIES

	HK\$'000 (Unaudited)
At 30 September 2008	45,500
Less: amount included under "current liabilities"	<u>(10,617)</u>
	<u>34,883</u>

Pursuant to the S&P Agreement, Favor Jumbo conditionally agreed to sell and assign, and SBI Macau conditionally agreed to purchase the sale shares (being 4.55% of the entire issued share capital of Golden Sun legally and beneficially owned by Favor Jumbo) and to accept the assignment of all rights, title, interests and benefits of and in the sale loan (being 4.55% of the entire amount of the interest-free shareholder's loan owing by Golden Sun to Favor Jumbo upon completion of this transaction).

Moreover, Favor Jumbo guaranteed that SBI Macau shall be entitled to a return of not less than HK\$9.1 million for each full fiscal year for a period of sixty successive months immediately after the date of completion of the said transaction. For details, please refer to note 18.

## 18. OTHER FINANCIAL LIABILITIES

On 8 August 2008, the Company through its wholly-owned subsidiary, Favor Jumbo, completed the disposal and assignment to SBI Macau of 4.55% of the entire issued share capital of, and related shareholder's loan to, Golden Sun respectively pursuant to the S&P Agreement. Notwithstanding that the transaction is a sale of 4.55% equity interest in Golden Sun by Favor Jumbo to SBI Macau with the option granted to SBI Macau pursuant to the terms of the S&P Agreement and the Shareholders' Agreement, this transaction, together with the option granted, does not constitute a disposal as the Group still retains substantially all the risks and rewards of ownership of the sale shares after completion of this transaction according to HKAS 39. Accordingly, the Group shall continue to recognise the 4.55% equity interest in Golden Sun after completion of this transaction, and would recognise the received consideration and the profit guarantee.

On 8 August 2008, the received consideration was approximately HK\$44.5 million and booked as other financial liabilities.



## 18. OTHER FINANCIAL LIABILITIES (Continued)

Upon completion of this transaction, Favor Jumbo guaranteed that SBI Macau shall be entitled to a return (the "Return") of not less than HK\$9.1 million ("Guaranteed Amount") for each full fiscal year for a period of sixty successive months immediately after the date of completion of this transaction ("Relevant Period").

In the event the amounts received by SBI Macau from the distribution of the profits of Golden Sun for any fiscal year during the Relevant Period falls short ("Shortfall") of the higher of the Return or the Guaranteed Amount (pro-rated, if necessary), Favor Jumbo shall pay to SBI Macau such Shortfall within six months from the end of the relevant fiscal year during the Relevant Period. (Also see note 17)

If the aggregate of the Return and the Shortfall payments received by SBI Macau from Golden Sun and/or Favor Jumbo in respect of the Relevant Period exceeds the total Guaranteed Amount (pro-rated, if necessary) for the Relevant Period (the "Excess"), SBI Macau shall refund and pay to Favor Jumbo the lesser of (a) the aggregate amount of the Shortfall paid by Favor Jumbo to SBI Macau during the Relevant Period; and (b) the Excess, within three months upon notice from Favor Jumbo the amount payable by SBI Macau after the expiry of the Relevant Period.

Favor Jumbo, in consideration of HK\$1 paid by SBI Macau, granted to SBI Macau the right to require Favor Jumbo to purchase or procure to purchase of the entire equity interest in Golden Sun and the entire amount of the shareholder's loan owing by Golden Sun to SBI Macau as at completion of the option, at the option purchase price, which is HK\$99,465.77 per ordinary share in the capital of Golden Sun held by SBI Macau as at completion of the option plus the face value of the entire amount of the shareholder's loan owing by Golden Sun to SBI Macau as at completion of the option, and the reserve, subject to and on the terms set out in the Shareholders' Agreement. The option can be exercised at any time on any business day during the period commencing from the fifth anniversary of the entering into of the Shareholders' Agreement and ending on the day falling two months thereafter. (Also see note 14)

## 19. SHARE CAPITAL

	<i>Note</i>	<b>Number of shares</b> '000	<b>Nominal value</b> 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 30 September 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	<i>(a)</i>	60,000	600
At 30 September 2007		2,199,464	21,995
At 1 October 2007		2,199,464	21,995
Allotment of subscription shares and consideration shares	<i>(b), (c)</i>	239,500	2,395
At 30 September 2008		2,438,964	24,390

## 19. SHARE CAPITAL (Continued)

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% 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 as subscriber 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.
- c) On 5 May 2008, the Company as purchaser entered into an agreement for the acquisition of entire issued share capital of Smart Class Enterprises Limited (“Smart Class”) at an agreed consideration of CAD2.9 million (equivalent to approximately HK\$22.6 million). The consideration was settled by the allotment and issue of 19.5 million shares of the Company at an agreed issue price of HK\$1.16 per share.

The fair value of the shares allotted on 31 July 2008 was HK\$1.12 per share. The gross proceeds from the issue were approximately HK\$21.8 million, which represented the amount of consideration settled for the acquisition.

## 20. RESERVES

	Attributable to equity shareholders of the Company								
	Share premium HK\$'000	Distributable reserve HK\$'000	Capital redemption reserve HK\$'000	Property revaluation reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total equity 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 19)	47,400	-	-	-	-	-	47,400	-	47,400
Profit for the year	-	-	-	-	-	2,314	2,314	13,958	16,272
Interim dividend declared during the year	-	-	-	-	-	-	-	(4,279)	(4,279)
At 30 September 2007 (Audited)	<u>659,916</u>	<u>52,333</u>	<u>976</u>	<u>187,065</u>	<u>-</u>	<u>54,645</u>	<u>954,935</u>	<u>49,983</u>	<u>1,004,918</u>
At 1 October 2007	659,916	52,333	976	187,065	-	54,645	954,935	49,983	1,004,918
Allotment of shares (note 19)	231,440	-	-	-	-	-	231,440	-	231,440
Allotment of consideration shares (note 19)	21,645	-	-	-	-	-	21,645	-	21,645
Share issuance costs	(4,216)	-	-	-	-	-	(4,216)	-	(4,216)
Exchange adjustment	-	-	-	-	(82)	-	(82)	-	(82)
Share of associate's net loss recognised directly in equity	-	-	-	(85,135)	-	-	(85,135)	(9,670)	(94,805)
Partial disposal of a subsidiary	-	-	-	-	-	-	-	17,215	17,215
Acquisition of interests in subsidiaries	-	-	-	-	-	-	-	4,820	4,820
(Loss)/profit for the period	-	-	-	-	-	(34,159)	(34,159)	155	(34,004)
Dividend paid to minority shareholders	-	-	-	-	-	-	-	(6,750)	(6,750)
At 30 September 2008 (Unaudited)	<u>908,785</u>	<u>52,333</u>	<u>976</u>	<u>101,930</u>	<u>(82)</u>	<u>20,486</u>	<u>1,084,428</u>	<u>55,753</u>	<u>1,140,181</u>

## **21. DEFERRED TAXATION**

- (a) The deferred tax assets of HK\$0.8 million represented the deferred tax arising from related depreciation in excess depreciation allowances.

The deferred tax assets for tax loss carry forward are recognised to the extent that the realisation of the related tax benefit through utilisation against future taxable profits is probable. At 30 September 2008, the Group had tax losses of approximately HK\$117 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.

- (b) The deferred tax liabilities of HK\$0.08 million represented the deferred tax arising from depreciation allowances in excess related depreciation.

## **22. 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 partial disposal of World Fortune of approximately HK\$117 million was recognised for the twelve months ended 30 September 2008.

## 23. ACQUISITION OF SUBSIDIARIES

On 31 July 2008, the Company acquired the entire issued share capital of Smart Class (being a company indirectly owns 80% equity interest in the travel agency companies located in Canada and the United States of America) at a total consideration of approximately HK\$24.8 million which was calculated by aggregation of the fair value of the 19.5 million consideration shares allotted and issued on the same date, being HK\$1.12 per share, and other costs.

The net assets acquired in the transaction and the goodwill arising are as follows:

	<b>Acquiree's carrying amount before combination (Unaudited) HK\$'000</b>	<b>Fair value adjustment (Unaudited) HK\$'000</b>	<b>Fair value (Unaudited) HK\$'000</b>
Net assets acquired:			
Property, plant and equipment	5,460	1,670	7,130
Client list	–	9,238	9,238
Trademark	22,845	10,199	33,044
Trade receivables	15,538	(15)	15,523
Other receivables and deposits	17,218	–	17,218
Cash and cash equivalents	8,004	–	8,004
Trade payables	(17,003)	40	(16,963)
Other payables	(50,001)	–	(50,001)
Deferred tax liabilities	–	(568)	(568)
	<u>2,061</u>	<u>20,564</u>	<u>22,625</u>
Shared by minority interest			(4,863)
Goodwill			<u>7,019*</u>
Consideration			<u>24,781</u>
Total consideration satisfied by:			
Fair value of the consideration shares at the issue price of HK\$1.12 per share at the completion date ( <i>note 19(c)</i> )			21,840
Other costs			<u>2,941**</u>
			<u>24,781</u>

\* The goodwill represents the benefits of enhanced efficiency and the expected synergies arising from interaction between the Group's existing travel business after the Company's acquisition of Smart Class and its subsidiaries.

\*\* As at 30 September 2008, other costs of HK\$301,000 has not yet been settled by cash and included in other payables.

### 23. ACQUISITION OF SUBSIDIARIES (Continued)

Analysis of the net inflow of cash and cash equivalents in respect of the acquisition of subsidiaries:

	HK\$'000
Total consideration settled in cash	(2,640)
Cash and cash equivalents in subsidiaries acquired	8,004
	<u>5,364</u>

Smart Class and its subsidiaries contributed revenue of approximately HK\$229.6 million and profit of approximately HK\$0.3 million to the Group's loss for the period between the date of acquisition, i.e. 31 July 2008, and the balance sheet date.

If the acquisition had been completed on 1 October 2007, total group revenue for the period would have been approximately HK\$1,653.8 million, and loss for the period would have been approximately HK\$36.4 million. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of the Group that actually would have been achieved had the acquisition been completed on 1 October 2007, nor is it intended to be a projection of future results.

### 24. COMMITMENTS

- (a) Capital commitments outstanding at 30 September 2008 not provided for in the financial statements were as follows:

	At 30 September 2008 HK\$'000 (Unaudited)	At 30 September 2007 HK\$'000 (Audited)
Contracted for	<u>15,032</u>	<u>–</u>

- (b) 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:

	At 30 September 2008 HK\$'000 (Unaudited)	At 30 September 2007 HK\$'000 (Audited)
Within one year	3,609	3,757
In the second to fifth years, inclusive	4,969	1,575
After fifth years	43	–
	<u>8,621</u>	<u>5,332</u>

## 25. SEASONALITY

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

## 26. SIGNIFICANT RELATED PARTY TRANSACTIONS

		For the twelve months ended 30 September	
		2008	2007
Notes		HK\$'000	HK\$'000
		(Unaudited)	(Audited)
a)	Travel service income received and receivable from		
	– Associates	1,178	1,150
	– Key management personnel	288	641
		<b>1,466</b>	1,791
b)	Management service income received and receivable from		
	– Associates	4,295	4,534
c)	Loan interest paid and payable to		
	– Related company	141	–
		<b>At</b>	<b>At</b>
		<b>30 September</b>	<b>30 September</b>
		<b>2008</b>	<b>2007</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
d)	Receivables from travel service as at the balance sheet date		
	– Associates	130	344
e)	Receivable from management service as at the balance sheet date		
	– Associates	830	354
f)	Loan payable for operation as at the balance sheet date		
	– Related company	20,158	–



## 26. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

### g) Key management personnel remuneration

The key management personnel of the Group are the directors of the Company. The remuneration of directors during the twelve months ended 30 September 2008 was as follows:

	For the twelve months ended 30 September	
	2008	2007
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Directors' fee	410	400
Salaries, allowances and benefits in kind	1,395	1,099
Retirement scheme contribution	20	18
	<b>1,825</b>	<b>1,517</b>

- h) On 5 May 2008, the Company as purchaser entered into an agreement for the acquisition of entire issued share capital of Smart Class at an agreed consideration of CAD2.9 million (equivalent to approximately HK\$22.6 million) from Star Spangle Corporation, an investment holding company beneficially wholly-owned by Mr. Yeung Hoi Sing, Sonny, a director and a controlling shareholder of the Company. The consideration was settled by the allotment and issue of 19.5 million shares of the Company at an agreed issue price of HK\$1.16 per share.

The fair value of the shares allotted on 31 July 2008 was HK\$1.12 per share. The gross proceeds from the issue were approximately HK\$21.8 million. The details of the transaction are set out in note 23 to the condensed financial statements.

#### Notes:

- i) Mr. Yeung Hoi Sing, Sonny was the director of the associates during the twelve months' periods ended 30 September 2007 and 2008. The former director of the Company, Mr. Lee Siu Cheung, was the director of the said associates during the twelve months ended 30 September 2007 and he resigned as the director of the Company and the said associates on 1 June 2008. The director of the Company, Mr. Ma Ho Man, Hoffman, was appointed as the director of the said associates in place of Mr. Lee Siu Cheung and continued to hold office during the period from 1 June 2008 to 30 September 2008.

## 26. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

- 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.
- iv) The related company is an investment holding company beneficially wholly-owned by Mr. Yeung Hoi Sing, Sonny, a director and a controlling shareholder of the Company, during the twelve months' period ended 30 September 2008. The interest was charged at the rate of 4% per annum.

## 27. CONTINGENT LIABILITIES

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

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 total loan outstanding for the syndicated loan facility of the associate at the balance sheet date was HK\$1,310 million (30 September 2007: HK\$1,010 million).

Based on the valuation performed by BMI Appraisals Limited, the directors of the Company considered that the fair value of the financial guarantee contract for the associate is HK\$63 million. The carrying amounts of the financial guarantee contract recognised in the condensed balance sheet and income statement were approximately HK\$47.2 million (30 September 2007: HK\$63 million) and HK\$15.8 million (for the twelve months ended 30 September 2007: Nil) respectively.

As at 30 September 2008, Jade Travel Ltd. (Canada) obtained a letter of guarantee from the bank amounted to CAD1.4 million (equivalent to approximately HK\$10.2 million) (30 September 2007: Nil) in favour of various airlines of secure payment of airline ticket purchases.

## **28. PLEDGE OF ASSETS**

- (a) As at 30 September 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 30 September 2008, the Company pledged the time deposits of CAD0.9 million (equivalent to approximately HK\$6.9 million) (30 September 2007: Nil) to a bank for issuance of standby letter of credit facility of up to CAD1.2 million (equivalent to approximately HK\$9.2 million) (30 September 2007: Nil) for operation of Jade Travel Ltd.
- (c) As at 30 September 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.

## **29. POST BALANCE SHEET EVENT**

On 1 December 2008, the Company entered into an unsecured term loan facility agreement (the “Facility Agreement”) with Mr. Yeung Hoi Sing, Sonny (“Mr Yeung”, being a director and a controlling shareholder of the Company).

Pursuant to the Facility Agreement, Mr. Yeung provided a facility of up to HK\$200 million (the “Loan Facility”) to the Company. The rate of interest on the entire principal amount drawn and outstanding under the Loan Facility was the prime rate quoted for Hong Kong dollars loans by The Hongkong and Shanghai Banking Corporation Limited. The Loan Facility was available to the Company during the period from 1 December 2008 until whichever is the earlier of (a) the date falling 1 month before the final repayment date, ie on or before 30 June 2010; and (b) the date on which the Loan Facility is reduced to zero.

In the opinion of the directors of the Company, the borrowing of the Loan Facility was for the benefit of the Company on normal commercial terms where no security over the assets of the Company was granted.

### 30. POSSIBLE IMPACT OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE PERIOD ENDED 30 SEPTEMBER 2008

The Group has not early applied the following new standards, amendments and interpretations that have been issued but are not yet effective. The Group is in the process of making an assessment of the impact of these new standards, amendments and interpretations upon initial application but is not yet in a position to state whether these new standards, amendments and interpretations would have a significant impact on the Group's results of operations and financial position.

HKAS 1 (Revised)	Presentation of Financial Statements <sup>1</sup>
HKAS 23 (Revised)	Borrowing Costs <sup>1</sup>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>2</sup>
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation <sup>1</sup>
HKAS 39 (Amendments)	Eligible Hedged Items <sup>2</sup>
HKFRS 1 & HKAS 27 (Amendments)	Cost of Investment in a Subsidiary, Jointly Controlled Entities or Associates <sup>1</sup>
HKFRS 2 (Amendments)	Vesting Conditions and Cancellations <sup>1</sup>
HKFRS 3 (Revised)	Business Combinations <sup>2</sup>
HKFRS 8	Operating Segments <sup>1</sup>
HK(IFRIC)-Int 13	Customer Loyalty Programmes <sup>4</sup>
HK(IFRIC)-Int 15	Agreement for the Construction of Real Estate <sup>1</sup>
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation <sup>5</sup>

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

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

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2008

<sup>4</sup> Effective for annual periods beginning on or after 1 July 2008

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

## REPORT ON REVIEW OF INTERIM FINANCIAL REPORT



**CCIF**

**CCIF CPA LIMITED**

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

### **TO THE BOARD OF DIRECTORS OF MACAU SUCCESS LIMITED**

*(Incorporated in Bermuda with limited liability)*

#### **Introduction**

We have reviewed the interim financial report set out on pages 4 to 35, which comprises the condensed consolidated balance sheet of Macau Success Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 September 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 twelve-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 requires 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 December 2008

### **Delores Teh**

*Practising Certificate Number P03207*

## MANAGEMENT DISCUSSION AND ANALYSIS

### Results

For the period under review, the Group's turnover was approximately HK\$328.2 million, representing a tremendous increase of approximately 216% as compared to the last corresponding period (2007: approximately HK\$103.8 million). Gross profit was approximately HK\$103.1 million (2007: approximately HK\$95.7 million). Loss attributable to equity shareholders of the Company amounted to approximately HK\$34.2 million, compared to a profit attributable to equity shareholders of approximately HK\$2.3 million in 2007. As a result, HK1.42 cents was recorded as the loss per share for the period (earnings per share in 2007: HK0.11 cents).

The turnover for travel business and hence the Group's consolidated turnover surged due to the acquisition of the business of the Jade Travel Group (as defined below under sub-section headed "Acquisition of the Jade Travel Group") on 31 July 2008. As for the cruise business, its turnover remained stable; its performance, however, deteriorated.

The loss incurred during the period under review was attributable to the loss of the Company's associates relating to the Group's flagship project in Macau, Ponte 16 (the "Associates"), shared by the Group and the lower profit contribution of cruise business.

The loss shared by the Group from the Associates for the period under review was approximately HK\$124.0 million compared with the loss of HK\$15.5 million in the corresponding period of the previous year. The loss for the twelve months ended 30 September 2008 was mainly attributable to the depreciation charges and high operating costs in the initial stage of operation of the business of Ponte 16. This loss more than offset the Group's gain on disposal of approximately 5% effective interest in Ponte 16 to Maruhan Corporation ("Maruhan"), which amounted to approximately HK\$117 million.

The Group's cruise business for the period under review has also been adversely affected by high fuel oil and operating costs resulting in a decrease in its contribution to the Group's results.

The Company issued a profit warning announcement on 24 September 2008 to convey these messages to its shareholders and potential investors.

## Interim Dividend

The directors of the Company (the "Director(s)") do not recommend the declaration of any interim dividend for the twelve months ended 30 September 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 contribute stable turnover to the Group. Yet, it ceased to be the major turnover contributor. Turnover from the cruise business was approximately HK\$96.0 million (2007: approximately HK\$95.9 million), accounting for approximately 29.3% of the Group's total turnover. In 2007, it accounted for 92.4% of the Group's total turnover. Such a change is driven by the significant increase in the turnover of the travel business, which was explained in the above section headed "Results". Segment profit from this business decreased by 41.6% to approximately HK\$18.7 million compared with approximately HK\$32.0 million in the corresponding period in 2007. This reduction in profitability stemmed from a surge in fuel and operating costs.

### Travel Business

During the period under review, turnover from the travel business increased tremendously to approximately HK\$232.2 million (2007: approximately HK\$7.9 million). The travel business accounted for approximately 70.7% of the Group's total turnover and became the major turnover contributor (2007: approximately 7.6% of the Group's total turnover). Segment loss from this business narrowed to approximately HK\$0.2 million (2007: approximately HK\$0.5 million) due to the profit contributed from the Jade Travel Group.

It is the Group's strategy to develop the travel business as a unique platform, providing professional travel services to high-end customers worldwide and to direct traffic to the Group's cruise business and Ponte 16.



## Review of Operations (Continued)

### Investment Project – Ponte 16

Ponte 16 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 infused with Chinese elements, the development project is located at Pier 16, which has been in operation since the beginning of the last century and is now a famous historical landmark. A five-minute ferry connection between Ponte 16 and Zhuhai provides a convenient access for tourists.

For the twelve months' period ended 30 September 2008, the total number of visitor arrivals in Macau totalled 29.9 million, representing an increase of 17.2% year-on-year. However, with various restrictive measures imposed on the mainland visitors travelling to Macau since May 2008 and the breakout of global financial tsunami in August 2008, the growth in Macau tourism has slowed down. Growth in gaming revenue has also slowed down in the quarter ended 30 September 2008. The overall operating environment in Macau was less favourable than a year before.

During the period under review, Ponte 16 has started operation in several stages. Casino of Ponte 16 commenced operation in February 2008 with a grand opening ceremony. Key local government officials and celebrities were invited to be the guests of the event and it turned out to be widely covered in the Hong Kong and Macau media. Sofitel Macau At Ponte 16 was opened to the public in August 2008 and a marketing campaign was launched at its soft opening stage. In September 2008, the high-limit betting area also started operation.

There was a six-month delay in obtaining the hotel license for Sofitel Macau At Ponte 16, which exerted negative impact on the Group's planning. However, after the opening of the hotel in August 2008, against the backdrop of less favourable market environment, the key operation indicators including the number of visitors to casino at Ponte 16 and the occupancy rate have improved steadily over time.

Ponte 16 is one of the popular destinations for the locals and tourists. 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 since the opening of Ponte 16 is around 10,000. Average daily mass drop during the period under review was approximately HK\$13 million. The business performance of Ponte 16 has improved with more new facilities coming on-stream.

## Review of Operations (Continued)

### Investment Project – Ponte 16 (Continued)

However, as the project was still in its early stage of operation, the operating costs including staff costs, training costs as well as marketing and promotion expenses were higher. Coupled with the depreciation charges, the loss incurred by Ponte 16 shared by the Group during the period under review amounted to approximately HK\$124.0 million. Yet, we believe the unique advantages of Ponte 16 and the marketing efforts of Ponte 16 together with the Accor Group (the group managing the operation of Sofitel Macau At Ponte 16) helped offset the negative impact of the unfavourable market environment.

## Financial Review

### Liquidity, Financial Resources and Gearing

As at 30 September 2008, the Group had net current assets of approximately HK\$238.8 million (30 September 2007: approximately HK\$113.8 million) and had net assets of approximately HK\$1,164.6 million (30 September 2007: approximately HK\$1,026.9 million).

As at 30 September 2008, the Group had bank overdrafts of approximately HK\$0.3 million (30 September 2007: Nil) and did not have any financial lease obligations (30 September 2007: Nil).

As at 30 September 2008, the Group had interest-bearing loan from a related company of approximately HK\$20.2 million (30 September 2007: Nil). The loan is unsecured and charged with interest at the rate of 4% per annum and have no fixed terms of repayment.

As at 30 September 2008, there were loans from minority shareholders of approximately HK\$129.9 million (30 September 2007: Nil) and other loan payable of approximately HK\$ 39.5 million (30 September 2007: Nil). The loans are interest-free, unsecured and will not be repaid within the next twelve months.

Equity attributable to equity shareholders of the Company as at 30 September 2008 was approximately HK\$1,108.8 million (30 September 2007: approximately HK\$976.9 million).

Accordingly, the gearing ratio, which was measured on the basis of the interest-bearing borrowings of the Group over equity attributable to equity shareholders of the Company, was 1.8% for the twelve months ended 30 September 2008 (30 September 2007: Nil).

## Financial Review (Continued)

### Pledge of Assets

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

As at 30 September 2008, the Company pledged the time deposits of CAD0.9 million (equivalent to approximately HK\$6.9 million) (30 September 2007: Nil) to a bank for issuance of a standby letter of credit facility of up to CAD1.2 million (equivalent to approximately HK\$9.2 million) (30 September 2007: Nil) for operation of Jade Travel Ltd.

As at 30 September 2008, World Fortune Limited (“World Fortune”) pledged all (30 September 2007: 100%) of its shares in Pier 16 – Property Development Limited (“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.

### Contingent Liabilities

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

Syndicated loan facilities 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 total loan outstanding for the syndicated loan facilities of the associate at the balance sheet date was HK\$1,310 million (30 September 2007: HK\$1,010 million).

As at 30 September 2008, Jade Travel Ltd. (Canada) obtained a letter of guarantee from the bank which amounted to CAD1.4 million (equivalent to approximately HK\$10.2 million) (30 September 2007: Nil) in favour of various airlines of secure payment of airline ticket purchases.

## Human Resources

As at 30 September 2008, the Group had a total of 433 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.

## Corporate Initiatives

During the period under review, the Group has made several strategic moves to accelerate the future development of the Group.

### Partnership with Maruhan

In October 2007, the Company through its then wholly-owned subsidiary, Golden Sun Profits Limited ("Golden Sun"), disposed to 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 mainly owns a 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 currently holds approximately 18% 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 and has become a strategic investor of the Group.

Maruhan, a leading Japanese company in the pachinko industry with more than 1 million memberships and extensive business network in Japan, is expected to bring more Japanese and Korean customers to Ponte 16.

## Corporate Initiatives (Continued)

### Acquisition of the Jade Travel Group

On 31 July 2008, the Company acquired the entire issued share capital of Smart Class Enterprises Limited ("Smart Class") for CAD2.9 million (equivalent to approximately HK\$22.6 million) (the "Acquisition"), which was 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 on the same date pursuant to a conditional sale and purchase agreement dated 5 May 2008. The fair value of the shares allotted on 31 July 2008 was HK\$1.12 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"). Since then, the Company has indirectly held 80% equity interest in the Jade Travel Group.

With the extensive office network of the Jade Travel Group in Vancouver, Calgary, Toronto, Montreal and New York, the Group's international network in the travel business has been strengthened substantially, paving the way for the Company to create synergies for the other business segments by cross-selling between the integrated casino-entertainment resort and the tour packages.

### Partnership with SBI Macau

On 7 July 2008, the Company entered into a letter of intent with SBI Holdings, Inc. ("SBI Holdings") in relation to the future investment or carrying on of any casino and related entertainment and resort business as well as real estate business in Japan.

On 8 August 2008, the Company through its wholly-owned subsidiary, Favor Jumbo Limited, sold and assigned to SBI Macau Holdings Limited ("SBI Macau"), a wholly-owned subsidiary of SBI Holdings, 4.55% of the entire issued share capital of, and related shareholder's loan to, Golden Sun for a total consideration of HK\$130 million, pursuant to a conditional sale and purchase agreement dated 7 July 2008.

Yet, according to HKAS 39, this transaction, together with the option granted, does not constitute a disposal as the Group still retains substantially all the risks and rewards of ownership of the sale shares after completion of this transaction. Accordingly, the Group shall continue to recognise the 4.55% equity interest in Golden Sun after completion of this transaction.

SBI Holdings and its subsidiaries are principally engaged in asset management, brokerage and investment banking, housing and real estate businesses and the provision of other financial services. The Company will benefit from SBI Macau's extensive experience in asset management and real estate development and SBI Holdings can provide funding and investment recommendations to Ponte 16.

## Prospects

Looking forward, the Group expects the global economic environment to remain challenging and at this stage, it is not feasible to predict how far and how long the financial tsunami would impact our operating environment.

Cruise business will face further challenges due to the volatility of fuel price and the close link between fuel price and the operating margin of this business. We will continue to closely monitor the macro environment and constantly strive to improve our operating efficiency.

The Group's travel business is expected to develop steadily. After the acquisition of the Jade Travel Group, the expanded travel platform, which has better economies of scale and higher operational efficiency, can diversify our customer mix, promote traffic to Ponte 16 and create synergies among our core businesses. The unique platform will bolster the Group's expansion in the gaming and entertainment-related business in the Asia-Pacific region. More marketing and branding programmes will be launched to promote the unique advantages of Ponte 16. In the long term, management is positive on the outlook of Ponte 16.

Management believes that the recent policies taken by the Macau government will exert positive influence on Macau's infrastructure and economy ultimately. The Group will continue to take proactive measures to increase traffic to Ponte 16. The expanded travel platform and network can diversify customer mix as well as boost inbound traffic from US and Canada to Macau. Ponte 16 is also well-equipped to serve customers from different destinations. The broadening of the customer base can alleviate the effect of the recent regulatory measures imposed on the mainland visitors by the Central People's Government of the People's Republic of China on the business of Ponte 16.

In terms of corporate strategies, management is committed to developing tourist and entertainment-related businesses in the Asia-Pacific region. Leveraging on the strategic partnerships with Maruhan and SBI Holdings, the Company is well-positioned to enter Japan's gaming market pending the issuance of gaming license there. Yet, facing the recent global economy slowdown, management would be more prudent in the formulation and implementation of corporate strategies.

## DISCLOSURE OF INTERESTS

### Directors' and Chief Executive's Interests in Securities

As at 30 September 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 ("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 (Note)	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 September 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 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 September 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

<b>Name of substantial shareholder</b>	<b>Long position/ Short position</b>	<b>Capacity</b>	<b>Number of Shares held</b>	<b>Approximate percentage of shareholding %</b>
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
Newcorp Holdings Ltd. (Note 1)	Long position	Interest of controlled corporation	1,010,953,432	41.45
Mr. David Henry Christopher Hill (Note 1)	Long position	Interest of controlled corporation	1,010,953,432	41.45
Mr. David William Roberts (Note 1)	Long position	Interest of controlled corporation	1,010,953,432	41.45
Mrs. Rebecca Ann Hill (Note 2)	Long position	Interest of spouse	1,010,953,432	41.45
Ms. Liu Siu Lam, Marian (Note 3)	Long position	Interest of spouse	1,010,953,432	41.45
Maruhan Corporation	Long position	Beneficial owner	440,000,000	18.19

## Substantial Shareholders' Interests in Securities (Continued)

### 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 1,010,953,432 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 1,010,953,432 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 1,010,953,432 Shares in which Mr. Yeung Hoi Sing, Sonny had a deemed interest.

Save as disclosed above, as at 30 September 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 twelve months ended 30 September 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 twelve months ended 30 September 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 throughout the twelve months ended 30 September 2008.

## **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 SECOND INTERIM RESULTS**

The unaudited second interim results for the twelve months ended 30 September 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 December 2008